

**JACK COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

# JACK COUNTY, TEXAS

## ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

### TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		1
<b>BASIC FINANCIAL STATEMENTS</b>		
Statement of Net Position	A-1	4
Statement of Activities	A-2	5
Balance Sheet – Governmental Funds	A-3	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-4	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	A-5	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-6	13
Statement of Fiduciary Net Position	A-7	14
Statement of Changes in Fiduciary Net Position	A-8	15
Notes to the Financial Statements		16
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Budgetary Comparison Schedule – General Fund	B-1	37
Budgetary Comparison Schedule – Road and Bridge Fund	B-2	38
Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System	B-4	39
Schedule of Employer Contributions - Texas County and District Retirement System	B-5	41
Notes to Required Supplementary Information		42

***FINANCIAL SECTION***



## **EDGIN, PARKMAN, FLEMING & FLEMING, PC**

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 • P.O. Box 750  
WICHITA FALLS, TEXAS 76307-0750  
PH. (940) 766-5550 • FAX (940) 766-5778

MICHAEL D. EDGIN, CPA  
DAVID L. PARKMAN, CPA  
A. PAUL FLEMING, CPA  
JOSHUA R. HARMAN, CPA

### Independent Auditor's Report

To the Honorable County Judge  
and County Commissioners  
Jack County, Texas

#### **Qualified and Unmodified Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jack County, Texas (County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Qualified Opinions on Governmental Activities and General Fund*

In our opinion, except for the effects of the matter described in the "Basis for Qualified and Unmodified Opinions" section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and General Fund of the County, as of September 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Road & Bridge Fund, American Rescue Grant Fund, Debt Service Fund and the Aggregate Remaining Fund Information*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Road & Bridge Fund, American Rescue Grant Fund, Debt Service Fund and the aggregate remaining fund information of the County as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Qualified and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions.

### *Matter Giving Rise to the Qualified Opinions on Governmental Activities and General Fund*

As fully described in Note L to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2021 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables should be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

#### **Required Supplementary Information**

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

#### **Management Discussion and Analysis**

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the financial statements is not affected by the missing information.

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas  
November 14, 2025

***BASIC FINANCIAL STATEMENTS***

**JACK COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 6,927,257
Receivables:	
Property taxes, net	268,123
Other governments	122,353
Others	1,536
Due from fiduciary	124,413
Prepaid expenses	71,024
Capital assets not being depreciated	116,890
Capital assets being depreciated, net	12,565,216
Total assets	<u>20,196,812</u>
<b>Deferred Outflows of Resources</b>	
Pension plan related	<u>796,059</u>
<b>Liabilities</b>	
Accounts payable	200,229
Accrued liabilities	111,479
Unearned revenues	923,405
Long-term liabilities:	
Due within one year	703,653
Due in more than one year	642,277
Net pension liability	885,131
Total liabilities	<u>3,466,174</u>
<b>Deferred Inflows of Resources</b>	
Pension plan related	<u>564,147</u>
<b>Net Position</b>	
Net investment in capital assets	11,454,793
Restricted	3,063,093
Unrestricted	2,444,664
Total net position	<u>\$ 16,962,550</u>

The accompanying notes are an integral part of this statement.

**JACK COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
General government	\$ 505,136	\$ -	\$ 230,268	\$ (274,868)
County Judge	199,002	332	25,816	(172,854)
County Clerk	275,313	230,506	-	(44,808)
Veteran services	11,537	-	-	(11,537)
Election administration	156,547	-	-	(156,547)
Information technology	136,196	-	-	(136,196)
District Clerk	128,747	38,648	-	(90,099)
Justice of the Peace	242,765	182,524	-	(60,241)
County Attorney	180,451	-	38,500	(141,951)
District Attorney	93,055	-	-	(93,055)
District Judge	76,045	-	-	(76,045)
County Auditor	205,038	-	-	(205,038)
County Treasurer	69,843	-	-	(69,843)
Tax office	343,341	423,370	-	80,029
Building maintenance	121,701	-	-	(121,701)
Constable	77,944	3,274	-	(74,670)
Sheriff	1,585,758	122,414	-	(1,463,344)
Jail	991,805	84,496	-	(907,309)
Adult probation	4,197	-	-	(4,197)
Highway patrol	7,995	-	-	(7,995)
Emergency management	18,903	-	-	(18,903)
Extension office	112,157	-	-	(112,157)
Game Warden	3,294	-	-	(3,294)
Road and bridge maintenance	1,885,253	-	246,504	(1,638,749)
CARES/ARPA related	176,825	-	-	(176,825)
Debt service - interest	32,864	-	-	(32,864)
<b>Total governmental activities</b>	<b>\$ 7,641,712</b>	<b>\$ 1,085,563</b>	<b>\$ 541,088</b>	<b>(6,015,061)</b>
General revenues:				
Property taxes, levied for general purposes				6,137,822
Property taxes, levied for debt service purposes				468,934
Investment earnings				37,705
Miscellaneous				186,389
Total general revenues and special item				6,830,850
Change in net position				815,789
Net position - beginning				16,146,761
Net position - ending				\$ 16,962,550

The accompanying notes are an integral part of the this statement.

**JACK COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2021**

	General Fund	Road & Bridge Fund	American Rescue Grant Fund
<b>ASSETS</b>			
Cash	\$ 3,194,765	\$ 1,976,223	\$ 749,342
Receivables, net:			
Property taxes	189,937	54,484	-
Other governments	17,900	21,877	-
Others	1,536	-	-
Other funds	103,047	9,784	-
Prepaid expenses	64,256	6,768	-
Total assets	<u>\$ 3,571,441</u>	<u>\$ 2,069,136</u>	<u>\$ 749,342</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 112,027	\$ 73,639	\$ -
Accrued liabilities	87,682	23,797	-
Unearned revenues	162,000	-	747,760
Total liabilities	<u>361,709</u>	<u>97,436</u>	<u>747,760</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>189,937</u>	<u>54,484</u>	<u>-</u>
Fund balances:			
Nonspendable - prepaids	64,256	6,768	-
Restricted	-	1,910,448	1,582
Committed	-	-	-
Assigned	376,562	-	-
Unassigned	2,578,977	-	-
Total fund balances	<u>3,019,795</u>	<u>1,917,216</u>	<u>1,582</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,571,441</u>	<u>\$ 2,069,136</u>	<u>\$ 749,342</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 251,193	\$ 755,734	\$ 6,927,257
23,702	-	268,123
-	82,576	122,353
-	-	1,536
1,400	10,182	124,413
-	-	71,024
<u>\$ 276,295</u>	<u>\$ 848,492</u>	<u>\$ 7,514,706</u>
\$ -	\$ 14,563	\$ 200,229
-	-	111,479
-	13,645	923,405
<u>-</u>	<u>28,208</u>	<u>1,235,113</u>
<u>23,702</u>	<u>-</u>	<u>268,123</u>
-	-	71,024
252,593	-	2,164,623
-	820,284	820,284
-	-	376,562
-	-	2,578,977
<u>252,593</u>	<u>820,284</u>	<u>6,011,470</u>
<u>\$ 276,295</u>	<u>\$ 848,492</u>	<u>\$ 7,514,706</u>

**JACK COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

Total fund balances - governmental funds (Exhibit A-3) \$ 6,011,470

Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 19,966,725	
Related accumulated depreciation	<u>7,284,619</u>	12,682,106

Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		268,123
---	--	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	955,000	
Lease financing payable	36,313	
Right-to-use lease liabilities	52,603	
Subscription liabilities	183,397	
Accrued compensated absences	<u>118,617</u>	(1,345,930)

The County's net pension liability and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System do not meet the criteria to be reported in the governmental funds financial statements. These items consist of:

Deferred outflows - pension related items	796,059	
Deferred inflows - pension related items	(564,147)	
Net pension liability	<u>(885,131)</u>	<u>(653,219)</u>

Total net position - governmental activities (Exhibit A-1)		<u><u>\$ 16,962,550</u></u>
--	--	-----------------------------

The accompanying notes are an integral part of this statement.

**JACK COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Road & Bridge Fund	American Rescue Grant Fund
<b>Revenues</b>			
Property taxes	\$ 4,802,180	\$ 1,372,831	\$ -
Licenses, fees and fines	390,289	423,370	-
Intergovernmental	268,656	40,807	120,000
Interest earned	36,086	-	1,582
Other revenue	186,373	11	-
Total revenues	<u>5,683,584</u>	<u>1,837,019</u>	<u>121,582</u>
<b>Expenditures</b>			
Current:			
General government	439,501	-	-
County Judge	199,436	-	-
County Clerk	181,988	-	-
Veteran services	11,537	-	-
Election administration	150,211	-	-
Information technology	136,711	-	-
District Clerk	126,733	-	-
Justice of the Peace	243,679	-	-
County Attorney	181,420	-	-
District Attorney	93,055	-	-
District Judge	66,807	-	-
County Auditor	208,862	-	-
County Treasurer	70,243	-	-
Tax office	344,256	-	-
Building maintenance	118,197	-	-
Constable	83,096	-	-
Sheriff	1,475,935	-	-
Jail	872,118	-	-
Adult probation	4,197	-	-
Highway patrol	7,995	-	-
Emergency management	14,107	-	-
Extension office	112,813	-	-
Game Warden	3,294	-	-
Road and bridge maintenance	-	1,492,566	-
CARES/ARPA related	-	-	120,000
Capital outlay	340,853	243,350	-
Debt Service:			
Debt service principal	169,743	-	-
Debt service interest and fees	11,626	-	-
Total expenditures	<u>5,668,413</u>	<u>1,735,916</u>	<u>120,000</u>
Excess of revenues over (under) expenditures	<u>15,171</u>	<u>101,103</u>	<u>1,582</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 474,302	\$ -	\$ 6,649,313
-	87,407	901,066
-	296,122	725,585
17	20	37,705
-	5	186,389
<u>474,319</u>	<u>383,554</u>	<u>8,500,058</u>
-	5,288	444,789
-	293	199,729
-	95,084	277,072
-	-	11,537
-	-	150,211
-	-	136,711
-	4,500	131,233
-	-	243,679
-	-	181,420
-	-	93,055
-	9,238	76,045
-	-	208,862
-	-	70,243
-	-	344,256
-	-	118,197
-	-	83,096
-	-	1,475,935
-	-	872,118
-	-	4,197
-	-	7,995
-	-	14,107
-	-	112,813
-	-	3,294
-	171,519	1,664,085
-	56,825	176,825
-	32,983	617,186
460,000	-	629,743
21,238	-	32,864
<u>481,238</u>	<u>375,730</u>	<u>8,381,297</u>
<u>(6,919)</u>	<u>7,824</u>	<u>118,761</u>

**JACK COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Road & Bridge Fund	American Rescue Grant Fund
	<u>          </u>	<u>          </u>	<u>          </u>
Other sources and (uses):			
Proceeds from issuance of RTU debt	6,833	-	-
Proceeds from issuance of SBITA debt	134,397	-	-
Transfers in	-	24,934	-
Transfers out	-	-	-
Total other sources and (uses)	<u>141,230</u>	<u>24,934</u>	<u>-</u>
Net change in fund balances	156,401	126,037	1,582
Fund balances, beginning of year	2,863,394	1,791,179	-
Fund balances, end of year	<u>\$ 3,019,795</u>	<u>\$ 1,917,216</u>	<u>\$ 1,582</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
-	-	6,833
-	-	134,397
-	-	24,934
-	(24,934)	(24,934)
-	(24,934)	141,230
(6,919)	(17,110)	259,991
259,512	837,394	5,751,479
<u>\$ 252,593</u>	<u>\$ 820,284</u>	<u>\$ 6,011,470</u>

**JACK COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances - total governmental funds (Exhibit A-5) \$ 259,991

Amounts reported for *governmental activities* in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:

Capital outlay during the year	\$ 617,186	
Depreciation expense for the year	<u>548,089</u>	69,097

Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources decreased by this amount: (42,557)

The issuance of long-term debt is recorded as other sources in the governmental funds; however, they are recorded as long-term liabilities in the government-wide financial statements. The County issued the following long-term debt during the year totaling:

Right-to-use lease liabilities	6,833	
Subscription liabilities	<u>134,397</u>	(141,230)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:

Bonds payable	460,000	
Lease financing payable	34,915	
Right-to-use lease liabilities	18,391	
Subscription liabilities	<u>116,437</u>	629,743

Included in long-term debt are obligations for compensated absences. The changes in this obligation is not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in this long-term obligation was: 14,304

The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. The plan contributions exceeded the actuarial expense in the current year. 26,441

Change in net position of governmental activities (Exhibit A-2) \$ 815,789

The accompanying notes are an integral part of this statement.

**JACK COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2021**

	Custodial Funds
<b>Assets</b>	
Cash	\$ 754,800
Due from other funds	3,972
Total assets	<u>758,772</u>
<b>Liabilities</b>	
Accounts payable	32,591
Due to other funds	128,385
Total liabilities	<u>160,976</u>
<b>Net Position</b>	
Restricted for other purposes	597,796
Total net position	<u>\$ 597,796</u>

The accompanying notes are an integral part of this statement.

**JACK COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2021**

	<u>Custodial Funds</u>
<b>Additions</b>	
County Clerk	\$ 13,493
District Clerk	16,259
Justice of the Peace	22,404
Tax Assessor/Collector	6,226,761
Sheriff	85,884
Miscellaneous	126,503
Total additions	<u>6,491,304</u>
<b>Deductions</b>	
County Clerk	10,744
District Clerk	25,410
Justice of the Peace	20,849
Tax Assessor/Collector	6,178,562
Sheriff	78,078
Miscellaneous	108,678
Total deductions	<u>6,422,321</u>
<b>Change in net position</b>	68,983
<b>Net position - beginning</b>	<u>528,813</u>
<b>Net position - ending</b>	<u><u>\$ 597,796</u></u>

The accompanying notes are an integral part of this statement.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting Entity

Jack County (County), a political subdivision of the State of Texas is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and ambulance service.

The accounting policies of the County conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standards setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 requirements or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. 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 soon as all eligibility requirements imposed by the provider have been met.

Government 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, fines, fees and ambulance revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

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

The *Road and Bridge Fund* accounts for the activities of the Road and Bridge department.

The *American Rescue Grant Fund* accounts for the revenues and expenditures associated with the American Rescue Plan Act federal grant. This fund is not a budgeted fund.

The *Debt Service Fund* accounts for the revenues and expenditures associated with the repayment of the bonded debt.

*Nonmajor Governmental Funds* are a summarization of all the nonmajor governmental funds and includes the special revenue funds.

Additionally, the County reports the following fiduciary funds:

*Custodial Funds* are used to report cash and investments and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The assets are held in a trustee or custodial capacity and are not available to support County programs; therefore, these funds are not included in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, Liabilities, and Net Position or Equity

a. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured by obligations that are described above; or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

b. Receivables and Payables

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

All trade and property tax receivables, including those for the County, are shown net of an allowance for uncollectibles.

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Jack County Appraisal District. Taxes are due without penalty until January 31 of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

c. Prepaid Items

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

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	50 - 99 years
Equipment	10 - 25 years
Right-to-use lease assets	4 - 8 years
Subscription assets	2 - 5 years
Infrastructure	99 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position (the government-wide Statement of Net Position and governmental funds Balance Sheet assets) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has no items that qualify for reporting in this category in the governmental funds. However, for the governmental activities, the amount reported in the category pertains to the County's participation in the Texas County and District Retirement System (TCDRS) of \$796,059.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category. Property taxes receivable of \$268,123 is unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received. For the governmental activities, the amount reported in this category pertains to the County's participation in TCDRS of \$564,147.

7. Compensated Absences

Employees accumulate earned but unused vacation and compensatory time. All vacation and compensatory pay is accrued when incurred in the government-wide statements. A liability is reported for these amounts in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

9. Right-to-Use Lease Liabilities

The County early implemented GASB Statement No. 87, Leases, during the year ended September 30, 2021.

The County is a lessee for two non-cancellable leases of property and equipment. The County recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease.

Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the County is reasonably certain to exercise, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

10. Subscription-Based Information Technology Agreements (SBITAs)

The County early implemented GASB Statement No. 96, SBITAs, during the year ended September 30, 2021.

The County has three non-cancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The County recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The County recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

At the commencement of a SBITA, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

The subscription term includes the non-cancellable period of the SBITA.

Subscription payments included in the measurement of the subscription liability is composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The County monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

**11. Fund Balances – Governmental Funds**

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** – represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

The assigned portion in the General Fund related to the deficit budget adopted for the year ended September 30, 2022.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

12. Transactions Between Funds

Outstanding balances between funds are reported as “due to/from other funds.” Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Pensions

The fiduciary net position of the TCDRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting, the same basis as is reported by TCDRS in their Comprehensive Annual Financial Report. This includes for purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**B. COMPLIANCE AND ACCOUNTABILITY**

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, there were no violations of finance-related legal and contractual provisions required to be reported, except for the over-expended budgets in expenditures of several areas in the General Fund. The County will be more diligent in the future to ensure all necessary budget amendments are made.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The County has no funds with a deficit fund balance or fund net position as of September 30, 2021.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

**C. DEPOSITS AND INVESTMENTS**

1. Deposits

Deposits, except for those held in trust by the County and District Clerk and others, were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2021, the carrying amount of the County's deposits was \$6,830,477 and the balance per the bank was \$7,119,762.

The County and District Clerk and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of custodial funds held by the County at September 30, 2021 were \$758,772 and the balance per the bank was \$758,772. All deposits and investments were secured by FDIC coverage.

2. Investments

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity and the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County's investments (which are reported as cash) at September 30, 2021 are shown below:

<u>Investment or Investment Type</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Government-sponsored investment pool (TexStar)	1.5	<u>\$96,780</u>

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability. The County values its investments in TexStar investment pools at net asset value per unit/share.

**3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

**b. Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. During the year ended September 30, 2021, the County was unable to obtain collateralization of its deposits with pledged securities; therefore, only had FDIC coverage during the year.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was exposed to custodial credit risk.

**c. Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County had a significant amount invested in one GNMA bond, which could expose the County to a concentration of credit risk.

**d. Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

**e. Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

4. Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The County participates in TexStar Local Government Investment Pool (TexStar).

TexStar is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexStar is administered by Hilltop Securities and J.P. Asset Management, Inc., a subsidiary of JPMorgan Chase & Co. J.P. Morgan Asset Management provides investment management, fund accounting, transfer agency and custodial services for the pool with Standish and American Beacon Advisors managing the investment and reinvestment of the pool and Hilltop Securities, Inc. provides administrative, marketing and participant services. TexStar is overseen by a governing board consisting of individuals from participating government entities in the pool. TexStar fund is rated AAAM by Standard and Poor's and seeks to maintain a net asset value of \$1.00 per unit.

**D. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services and road and bridge purposes. The combined tax rate to finance general government (exclusive of long-term debt service) for the year ended September 30, 2021, was \$.487281 per \$100 valuation.

Taxes levied for the payment of principal and interest related to long-term debt was \$.037109 per \$100 valuation for the year ended September 30, 2021. The total tax rate for the County for fiscal year 2021 was \$.524390.

Allowances for uncollectible receivables are based upon historical experience in collecting those receivables. Uncollectible amounts are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2021, net property taxes receivable is calculated as follows:

	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Gross property taxes receivable	\$308,801	\$87,991	\$47,584	\$444,376
Allowance for uncollectible taxes	( 118,864)	( 33,507)	( 23,882)	( 176,253)
Net property taxes receivable	<u>\$189,937</u>	<u>\$54,484</u>	<u>\$23,702</u>	<u>\$268,123</u>

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

Of the \$268,123 of net property taxes receivable at September 30, 2021, the County expects to collect approximately \$85,000 within a year. This is similar to the amount of delinquent taxes received in previous years.

**F. CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	<u>Balance</u> <u>10/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/21</u>
Capital assets not being depreciated:				
Land	\$ 116,890	\$ -	\$ -	\$ 116,890
Capital assets being depreciated:				
Buildings and improvements	6,633,830	-	-	6,633,830
Equipment	5,905,190	475,956	-	6,381,146
Right-to-use leased assets	107,770	6,633	-	114,603
Subscription assets	261,065	134,397	-	395,462
Infrastructure	<u>6,324,794</u>	<u>-</u>	<u>-</u>	<u>6,324,794</u>
Total capital assets being depreciated	<u>19,232,649</u>	<u>617,186</u>	<u>-</u>	<u>19,849,835</u>
Less accumulated depreciation for:				
Buildings and improvements	2,350,053	126,167	-	2,561,220
Equipment	2,316,641	242,254	-	2,558,895
Right-to-use leased assets	38,361	19,859	-	58,820
Subscription assets	55,287	95,922	-	151,209
Infrastructure	<u>1,890,588</u>	<u>63,887</u>	<u>-</u>	<u>1,954,475</u>
Total accumulated depreciation	<u>6,736,530</u>	<u>548,089</u>	<u>-</u>	<u>7,284,619</u>
Total capital assets being depreciated, net	<u>12,496,119</u>	<u>69,097</u>	<u>-</u>	<u>12,565,216</u>
Governmental activities capital assets, net	<u>\$12,613,009</u>	<u>\$ 69,097</u>	<u>\$ -</u>	<u>\$12,682,106</u>

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

Governmental activities:	
General government	\$ 60,347
Election administration	6,846
Constable	1,648
Sheriff	121,600
Jail	123,533
Emergency management	4,796
Extension office	533
Road and bridge maintenance	<u>228,786</u>
Total governmental depreciation	<u>\$548,089</u>

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

**G. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Balances due to and from other funds at September 30, 2021 were as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Custodial Funds	\$103,047	Payment of fees
Road and Bridge Fund	Custodial Funds	9,784	Payment of fees
Debt Service Fund	Custodial Funds	1,400	Payment of fees
Nonmajor Governmental Funds	Custodial Funds	10,182	Payment of fees
Custodial Funds	Custodial Funds	<u>3,972</u>	Payment of fees
	Total	<u>\$128,385</u>	

All the above amounts are expected to be repaid within one year.

Interfund transfers during the year ended September 30, 2021 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Nonmajor Governmental Funds	Road and Bridge Fund	<u>\$24,934</u>	Reimburse costs

**H. LONG-TERM OBLIGATIONS**

The County issued long-term obligations to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

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

Governmental Activities:	<u>Balance</u> <u>10/1/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/21</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$1,415,000	\$ -	\$460,000	\$ 955,000	\$470,000
Lease financing payable	71,228	-	34,915	36,313	36,313
Right-to-use lease liabilities	64,161	6,833	18,391	52,603	20,147
Subscription liabilities	165,437	134,397	116,437	183,397	58,576
Compensated absences	<u>104,313</u>	<u>59,200</u>	<u>44,896</u>	<u>118,617</u>	<u>118,617</u>
Total long-term liabilities – governmental activities	<u>\$1,820,139</u>	<u>\$200,430</u>	<u>\$674,639</u>	<u>\$1,345,930</u>	<u>\$703,653</u>

Compensated absences are generally liquidated by the General and Road and Bridge Funds.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

Total debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 585,036	\$22,865	\$ 607,901
2023	551,440	10,212	561,652
2024	60,231	3,380	63,611
2025	28,777	1,105	29,882
2026	<u>1,829</u>	<u>15</u>	<u>1,844</u>
Totals	<u>\$1,227,313</u>	<u>\$37,577</u>	<u>\$1,264,890</u>

General Obligation Bonds

The County issued General Obligation Refunding Bonds, Series 2013 in February 2013 for \$4,290,000 to refund the original Certificates of Obligation, Series 2003, issued to construct the Law Enforcement Center. The Series 2013 Bonds has interest ranging from .75% to 1.75%. The bonds require principal and interest payments on February 15, 2014 through February 15, 2023.

<u>Issuance</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/21</u>
General Obligation Refunding Bonds, Series 2013	\$4,290,000	2/25/13	2/15/23	.75% to 1.75%	<u>\$955,000</u>

The general obligation bonds debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$470,000	\$12,600	\$482,600
2023	<u>485,000</u>	<u>4,244</u>	<u>489,244</u>
Totals	<u>\$955,000</u>	<u>\$16,844</u>	<u>\$971,844</u>

Lease Financing Payable

The County entered into a lease financing payable as follows:

In January 2018, the County leased four 2018 Ford Interceptors. The lease requires five annual payments of \$37,765 beginning January 2018. The lease carries interest at an imputed rate of 4.00%.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/21</u>
Four 2018 Ford Interceptors (Texas Capital Bank)	\$174,848	1/8/18	1/8/22	4.00%	<u>\$36,313</u>

Interest expense of \$2,849 was incurred on this debt for the year ended September 30, 2021.

Lease financing payables service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$36,313</u>	<u>\$1,453</u>	<u>\$37,766</u>

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

Right-to-use Lease Liabilities

The County has entered into the following right-to-use lease liabilities:

In February 2018, the County entered into an agreement to lease tower space. The lease requires monthly payments ranging from \$375 to \$464 for eight years beginning February 2018. The lease carries interest at an imputed rate of 4.00%.

In March 2018, the County entered into a lease agreement for County-wide copy machines. The lease requires monthly payments of \$830 for five years beginning April 2018. The lease carries interest at an imputed rate of 4.00%.

In February 2019, the County entered into a lease agreement for a mail machine for the courthouse. The lease requires quarterly payments of \$1,291 for five years beginning March 2019. The lease carries interest at an imputed rate of 4.00%.

In March 2021, the County entered into a lease agreement for a mail machine for the law enforcement center. The lease requires quarterly payments of \$394 for four years beginning April 2021. The lease carries interest at an imputed rate of 4.00%.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/21</u>
Tower space	\$ 33,985	2/1/18	2/1/26	4.00%	\$20,890
Copy machines	45,078	4/10/18	4/10/23	4.00%	14,480
Mail machine (courthouse)	23,291	2/27/19	3/29/24	4.00%	11,056
Mail machine (LEC)	6,833	3/30/21	4/29/25	4.00%	<u>6,177</u>
Total balance at September 30, 2021					<u>\$52,603</u>

Interest expense of \$2,393 was incurred on the right-to-use lease liabilities for the year ended September 30, 2021.

The assets under right-to-use lease liabilities and related accumulated depreciation at September 30, 2021 are included in right-to-use leased buildings and improvements and right-to-use leased equipment in Note F.

Right-to-use lease liabilities service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$20,147	\$1,761	\$21,908
2023	16,293	975	17,268
2024	8,078	393	8,471
2025	6,256	204	6,460
2026	<u>1,829</u>	<u>15</u>	<u>1,844</u>
Totals	<u>\$52,603</u>	<u>\$3,348</u>	<u>\$55,951</u>

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

Subscription Liabilities

The County has entered into the following subscription liabilities:

In December 2019, the County entered into an agreement for the use of evidence software for the Sheriff's Department. The agreement requires annual payments of \$9,898 for five years beginning December 2019. The arrangement carries an imputed rate of 4.00%.

In January 2020, the County entered into an agreement for the use of property tax software for the Tax Assessor Collector's Office. The agreement requires quarterly payments of \$2,566 to \$2,622 for two years beginning January 2020. The arrangement carries an imputed rate of 4.00%.

In February 2020, the County entered into an agreement for the use of records management software for the Sheriff's Department. The agreement requires first payment of \$58,120 in February 2020 and annual payments of \$21,820 for four years beginning February 2021. The arrangement carries an imputed rate of 4.00%.

In January 2021, the County entered into an agreement for the use of dash camera software for the Sheriff's Department. The agreement requires first payment of \$49,378 in January 2021 and annual payments of \$23,422 for the next four years beginning January 2022. The arrangement carries an imputed rate of 4.00%.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/21</u>
Evidence software	\$ 45,242	12/2/19	12/2/24	4.00%	\$ 27,467
Property tax software	78,498	1/1/20	1/1/22	4.00%	10,358
Records management software	137,324	2/15/20	2/15/25	4.00%	60,552
Dash camera software	134,397	1/20/21	1/20/26	4.00%	<u>85,020</u>
Total balance at September 30, 2021					<u>\$183,397</u>

Interest expense of \$6,383 was incurred for the year ended September 30, 2021.

The assets under subscription-based information technology arrangement liabilities and related accumulated depreciation at September 30, 2021 are included in subscription assets in Note F.

Subscription liabilities service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 58,576	\$ 7,051	\$ 65,627
2023	50,147	4,993	55,140
2024	52,153	2,987	55,140
2025	<u>22,521</u>	<u>901</u>	<u>23,422</u>
Totals	<u>\$183,397</u>	<u>\$15,932</u>	<u>\$199,329</u>

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

**I. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

**J. CONTINGENT LIABILITIES AND COMMITMENTS**

Grant Awards

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

The County periodically is a defendant in various lawsuits. At September 30, 2021, the County is not aware of any pending litigation.

Trust Funds

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

**K. DEFINED BENEFIT PENSION PLAN**

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis that is publicly available at [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

2. Benefits Provided

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

*Employees Covered by Benefit Terms*

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

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	94
Active employees	76

3. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 11.67% for the months of the accounting year in 2020, and 10.72% for the months of the accounting year in 2021.

The contribution rate payable by the employee members for calendar year 2020 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

4. Net Pension Liability

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

*Actuarial Assumptions*

The actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

Real rate of return	5.05% per year
Inflation	2.50% per year
Long-term investment return expenses	7.50% per year, net of pension plan investments
Growth in membership	0.00% per year
Payroll growth	3.00% per year

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

Salary increases were based on a service-related table. The mortality rates for active members were based on 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after that. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. The mortality rates for disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2021 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2021.

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

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u> <sup>(1)</sup>	<u>Geometric Real Rate of Return (Expected minus Inflation)</u> <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	7.25%

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

<sup>(1)</sup> Target asset allocation adopted at the March 2021 TCDRS Board Meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected rate for the asset class minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

*Discount Rate*

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments (7.60%).

*Changes in Net Pension Liability / (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2019	\$15,085,275	\$14,580,672	\$504,603
Changes for the year:			
Service cost	345,627	-	345,627
Interest on total pension liability	1,206,620	-	1,206,620
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	13,506	-	13,506
Effect of assumptions changes or inputs	815,196	-	815,196
Refund of contributions	( 22,442)	( 22,442)	-
Benefit payments	( 1,067,508)	( 1,067,508)	-
Administrative expense	-	( 11,335)	11,335
Member contributions	-	201,094	( 201,094)
Net investment income	-	1,505,121	( 1,505,121)
Employer contributions	-	335,250	( 335,250)
Other changes	-	( 29,710)	29,710
Balances as of December 31, 2020	<u>\$16,376,273</u>	<u>\$15,491,142</u>	<u>\$ 885,131</u>

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

*Sensitivity Analysis*

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease <u>6.60%</u>	Current Discount Rate <u>7.60%</u>	1% Increase <u>8.60%</u>
Net pension liability	<u>\$2,753,194</u>	<u>\$885,131</u>	<u>(\$690,159)</u>

Pension Expense/(Income)

	<u>January 1, 2020 to December 31, 2020</u>
Service cost	\$ 345,627
Interest on total pension liability <sup>(1)</sup>	1,206,620
Effect of plan changes	-
Administrative expenses	11,335
Member contributions	( 201,094)
Expected investment return net of investment expenses	( 1,157,420)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	( 23,919)
Recognition of assumption changes or inputs	271,732
Recognition of investment gains or losses	( 168,817)
Other <sup>(2)</sup>	<u>29,710</u>
Pension income	<u>\$ 313,773</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources

As of September 30, 2021, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,004	\$ 650
Change in assumptions	543,464	-
Net difference between projected and actual earnings	-	563,497
Contributions made subsequent to measurement date	<u>243,591</u>	<u>-</u>
Total	<u>\$796,059</u>	<u>\$564,147</u>

**JACK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2021**

\$243,591 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2021. The remaining amounts of the County's deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2021	\$ 91,521
2022	257,141
2023	( 290,800)
2024	( 69,541)

**L. JUDICIAL ASSESSMENT RECEIVABLES**

At September 30, 2021, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

**M. SUBSEQUENT EVENT**

On April 19, 2022, the County was hit with a wind and hailstorm that included an EF-3 tornado. The County only incurred minor damage to its courthouse roof and a vehicle. All the repairs were made and the vehicle replaced shortly thereafter. The County's out of pocket costs were the insurance deductibles of \$6,000.

However, the impact on the County's residences and businesses was dramatic as many houses and buildings were significantly damaged or destroyed. The process of rebuilding will take many years and will ultimately negatively impact the future taxable values. Additionally, the County provided \$13,071,290 in taxable value exemptions for the 2022 tax levy to help those impacted by the storm.

***REQUIRED SUPPLEMENTARY INFORMATION***

**JACK COUNTY, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 4,900,400	\$ 4,900,400	\$ 4,802,180	\$ (98,220)
Licenses, fees and fines	355,050	355,050	390,289	35,239
Intergovernmental	299,325	299,325	268,656	(30,669)
Interest earned	93,100	93,100	36,086	(57,014)
Other revenue	197,450	197,450	186,373	(11,077)
Total revenues	<u>5,845,325</u>	<u>5,845,325</u>	<u>5,683,584</u>	<u>(161,741)</u>
<b>Expenditures</b>				
General government	1,124,345	1,124,345	439,501	684,844
County Judge	189,974	189,974	199,436	(9,462)
County Clerk	191,876	191,576	181,988	9,588
Veteran services	11,250	11,250	11,537	(287)
Election administration	133,058	133,058	150,211	(17,153)
Information technology	145,439	145,439	136,711	8,728
District Clerk	144,038	144,038	126,733	17,305
Justice of the Peace	245,741	245,741	243,679	2,062
County Attorney	157,029	157,029	181,420	(24,391)
District Attorney	93,408	93,408	93,055	353
District Judge	96,650	96,650	66,807	29,843
County Auditor	235,500	235,500	208,862	26,638
County Treasurer	72,950	72,950	70,243	2,707
Tax office	377,904	377,904	344,256	33,648
Building maintenance	187,960	187,960	118,197	69,763
Constable	84,322	84,322	83,096	1,226
Sheriff	1,615,846	1,615,846	1,475,935	139,911
Jail	894,699	894,699	872,118	22,581
Adult probation	3,300	3,300	4,197	(897)
Highway patrol	11,000	11,000	7,995	3,005
Emergency management	142,550	142,550	14,107	128,443
Extension office	119,673	119,673	112,813	6,860
Game Warden	3,850	3,850	3,294	556
Capital outlay	151,000	151,000	340,853	(189,853)
Debt service principal	-	-	169,743	(169,743)
Debt service interest and fees	-	-	11,626	(11,626)
Total expenditures	<u>6,433,362</u>	<u>6,433,062</u>	<u>5,668,413</u>	<u>764,649</u>
Excess of revenues over (under) expenditures	<u>(588,037)</u>	<u>(587,737)</u>	<u>15,171</u>	<u>602,908</u>
<b>Other sources:</b>				
Proceeds from issuance of RTU debt	-	-	6,833	6,833
Proceeds from issuance of SBITA debt	-	-	134,397	134,397
Total other sources	<u>-</u>	<u>-</u>	<u>141,230</u>	<u>141,230</u>
Net change in fund balances	(588,037)	(587,737)	156,401	744,138
Fund balances, beginning of year	<u>2,863,394</u>	<u>2,863,394</u>	<u>2,863,394</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,275,357</u>	<u>\$ 2,275,657</u>	<u>\$ 3,019,795</u>	<u>\$ 744,138</u>

**JACK COUNTY, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE -**  
**ROAD & BRIDGE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,372,831	\$ (27,169)
Licenses, fees and fines	392,000	392,000	423,370	31,370
Intergovernmental	67,000	67,000	40,807	(26,193)
Other revenue	269,500	269,500	11	(269,489)
Total revenues	<u>2,128,500</u>	<u>2,128,500</u>	<u>1,837,019</u>	<u>(291,481)</u>
<b>Expenditures</b>				
Road & Bridge - Precinct #1	450,850	450,850	376,576	74,274
Road & Bridge - Precinct #2	559,691	559,691	377,173	182,518
Road & Bridge - Precinct #3	448,656	448,656	350,944	97,712
Road & Bridge - Precinct #4	499,533	499,533	373,278	126,255
Road & Bridge - General	25,000	25,000	14,595	10,405
Capital Outlay	634,000	634,000	243,350	390,650
Total expenditures	<u>2,617,730</u>	<u>2,617,730</u>	<u>1,735,916</u>	<u>881,814</u>
Excess of revenues over (under) expenditures	<u>(489,230)</u>	<u>(489,230)</u>	<u>101,103</u>	<u>590,333</u>
Other source:				
Transfers in	-	-	24,934	24,934
Total other source	<u>-</u>	<u>-</u>	<u>24,934</u>	<u>24,934</u>
Net change in fund balances	(489,230)	(489,230)	126,037	615,267
Fund balances, beginning of year	1,791,179	1,791,179	1,791,179	-
Fund balances, end of year	<u>\$ 1,301,949</u>	<u>\$ 1,301,949</u>	<u>\$ 1,917,216</u>	<u>\$ 615,267</u>

# JACK COUNTY, TEXAS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2020	2019	2018	2017
<b>Total Pension Liability</b>				
Service cost	\$ 345,627	\$ 294,492	\$ 298,759	\$ 311,100
Interest on total pension liability	1,206,620	1,169,427	1,140,250	1,104,475
Effect of plan changes	-	-	-	-
Effect of plan changes or inputs	815,196	-	-	115,177
Effect of economic/demographic (gains) or losses	13,506	(1,952)	(83,310)	(118,732)
Benefit payments/refunds of contributions	(1,089,951)	(1,019,309)	(964,194)	(952,064)
Net change in total pension liability	1,290,998	442,658	391,505	459,956
Total pension liability, beginning	15,085,275	14,642,617	14,251,112	13,791,156
Total pension liability, ending (a)	<u>\$ 16,376,273</u>	<u>\$ 15,085,275</u>	<u>\$ 14,642,617</u>	<u>\$ 14,251,112</u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 335,250	\$ 289,493	\$ 296,543	\$ 261,378
Member contributions	201,094	186,087	184,042	175,094
Investment income net of investment expenses	1,505,121	2,137,765	(262,187)	1,816,155
Benefit payments/refunds of contributions	(1,089,950)	(1,019,309)	(964,194)	(952,064)
Administrative expenses	(11,335)	(11,111)	(10,453)	(9,167)
Other	(29,710)	(16,585)	(13,025)	(6,996)
Net change in fiduciary net position	910,470	1,566,340	(769,274)	1,284,400
Fiduciary net position, beginning	14,580,672	13,014,332	13,783,606	12,499,206
Fiduciary net position, ending (b)	<u>\$ 15,491,142</u>	<u>\$ 14,580,672</u>	<u>\$ 13,014,332</u>	<u>\$ 13,783,606</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 885,131</u>	<u>\$ 504,603</u>	<u>\$ 1,628,285</u>	<u>\$ 467,506</u>
Fiduciary net position as a % of total pension liability	<u>94.60%</u>	<u>96.65%</u>	<u>88.88%</u>	<u>96.72%</u>
Covered payroll	<u>\$ 2,872,775</u>	<u>\$ 2,658,379</u>	<u>\$ 2,628,952</u>	<u>\$ 2,482,252</u>
Net pension liability as a % of covered payroll	<u>30.81%</u>	<u>18.98%</u>	<u>61.94%</u>	<u>18.83%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

2016	2015	2014	2013	2012	20211
\$ 316,463	\$ 303,217	\$ 293,402	N/A	N/A	N/A
1,045,182	1,008,667	977,463	N/A	N/A	N/A
49,594	(17,936)	-	N/A	N/A	N/A
-	168,900	-	N/A	N/A	N/A
37,055	(235,610)	(234,120)	N/A	N/A	N/A
(747,747)	(719,270)	(740,983)	N/A	N/A	N/A
<u>700,547</u>	<u>507,968</u>	<u>295,762</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>13,090,609</u>	<u>12,582,641</u>	<u>12,286,879</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 13,791,156</u>	<u>\$ 13,090,609</u>	<u>\$ 12,582,641</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 322,808	\$ 278,000	\$ 294,849	N/A	N/A	N/A
169,868	167,760	164,196	N/A	N/A	N/A
875,209	48,496	793,087	N/A	N/A	N/A
(747,747)	(719,270)	(740,984)	N/A	N/A	N/A
(9,526)	(8,607)	(9,169)	N/A	N/A	N/A
24,979	(802)	(130,429)	N/A	N/A	N/A
<u>635,591</u>	<u>(234,423)</u>	<u>371,550</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>11,863,615</u>	<u>12,098,038</u>	<u>11,726,488</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 12,499,206</u>	<u>\$ 11,863,615</u>	<u>\$ 12,098,038</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 1,291,950</u>	<u>\$ 1,226,994</u>	<u>\$ 484,603</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>90.63%</u>	<u>90.63%</u>	<u>96.15%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 2,426,689</u>	<u>\$ 2,396,570</u>	<u>\$ 2,345,658</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>53.24%</u>	<u>51.20%</u>	<u>20.66%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**JACK COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

<u>Year Ending September 30/ December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2012 *	\$ 273,243	\$ 273,243	\$ -	\$ 2,828,605	9.7%
2013 *	231,874	231,874	-	2,246,838	10.3%
2014 *	294,849	294,849	-	2,345,658	12.6%
2015 *	278,000	278,000	-	2,396,570	11.6%
2016 *	272,756	322,808	(50,052)	2,426,689	13.3%
2017 *	261,378	261,378	-	2,482,252	10.5%
2018 *	296,543	296,543	-	2,628,952	11.3%
2019 *	289,493	289,493	-	2,658,379	10.9%
2020 *	335,250	335,250	-	2,872,775	11.7%
2021	340,215	340,215	-	3,100,277	11.0%

(1) Payroll is calculated based on contributions as reported to TCDRS.

\* Amounts are from the TDCRS provided information on the calendar basis. The fiscal year information is not readily available for those years.

**JACK COUNTY, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

**A. BUDGETARY INFORMATION**

Annual budgets are adopted on the GAAP basis of accounting for all governmental funds except capital projects funds. Project-length budgets were adopted for all capital projects funds. All annual appropriations lapse at fiscal year end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Treasurer is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended September 30, 2021, expenditures exceeded appropriations as follows:

General Fund:	
County Judge	\$ 9,462
Veteran services	287
Election administration	17,153
County Attorney	24,391
Adult probation	897
Capital outlay	189,853
Debt service principal	169,743
Debt service interest and fees	11,626

These over-expenditures were funded by available resources and fund balance.

**JACK COUNTY, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

**C. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females; both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.