

JACK COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

FILED FOR RECORD

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**VANESSA JAMES, County Clerk
JACK COUNTY, TEXAS**

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JACK COUNTY, TEXAS

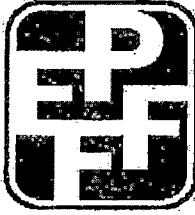
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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FINANCIAL SECTION



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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, 2022, 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, 2022, 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, 2022, 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 K to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2022 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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
April 20, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Jack County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2022 by \$18,054,063 (net position). Of this amount, \$1,643,962 is unrestricted and may be used to meet the County's obligations.
- During the year, the County's total net position increased by \$1,091,513. The County's expenses, which totaled \$7,888,637, were less than the County's program revenues of \$1,951,691 and general revenues of \$7,028,459.
- The total cost of the County's programs increased \$246,925 or 3% from the prior year.
- The governmental funds reported a fund balance at September 30, 2022 of \$5,198,209, which is a decrease of \$813,261 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,063,635, or 32% of the total General Fund expenditures for the year ended September 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

All the County's services are reported in the government-wide financial statements, including administration, judicial, road and bridge, and public safety. Property taxes, fees and commissions and intergovernmental grants finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers a broad overview of the County's finances in a manner similar to a private-sector business.

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

The *statement of activities* details how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes).

Fund Financial Statements

The County uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Some funds are required by State law and/or bond covenants. Other funds may be established by the County to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the County can be divided into three categories: governmental funds, internal service fund and fiduciary funds.

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

Because the focus on *governmental funds* is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintained multiple governmental funds in the current fiscal year. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, Road & Bridge Fund, American Rescue Grant Fund and Debt Service Fund, which are considered to be the County's major funds. Financial data for the other governmental funds are combined into a single, aggregated presentation.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary net position.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 is the County's net position summarized for the *governmental activities*.

Table 1 - County's Net Position

	Governmental Activities			
	2022	2021	Change	% Change
Current assets	\$ 7,219,622	\$ 7,514,706	(295,084)	-4%
Long-term assets	14,681,643	12,682,106	1,999,537	15%
Total Assets	21,901,265	20,196,812	1,704,453	14%
Deferred Outflows of Resources	546,173	796,059	(249,886)	-45%
Current liabilities	1,868,634	1,235,113	633,521	-26%
Noncurrent liabilities	314,927	2,231,061	(1,916,134)	19%
Total Liabilities	2,183,561	3,466,174	(1,282,613)	-4%
Deferred Inflows of Resources	2,209,814	564,147	1,645,667	-58%
Net position:				
Net investment in capital assets	12,959,790	11,454,793	1,504,997	8%
Restricted	3,450,311	2,242,809	1,207,502	65%
Unrestricted	1,643,962	3,264,948	(1,620,986)	18%
Total Net Position	\$ 18,054,063	\$ 16,962,550	\$ 1,091,513	15%

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$12,959,790. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$3,450,311, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$1,643,962 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were \$8,979,970. A significant portion, 72%, of the County's revenue comes from property taxes. Charges for services accounted for 12% of the County's revenue. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2022 and 2021 for the County's *governmental activities*.

Table 2 - County's Revenues

	Governmental Activities			
	2022	Percent	2021	Percent
Charges for services	\$ 1,094,010	12%	\$ 1,085,563	13%
Operating grants and contributions	737,681	8%	541,088	6%
Capital grants and contributions	120,000	1%	-	0%
Property taxes - general purposes	6,454,631	72%	6,137,822	74%
Property taxes - debt service purposes	17,248	0%	468,934	6%
Investment earnings	92,672	1%	37,705	0%
Miscellaneous	463,728	5%	186,389	2%
Total Revenues	\$ 8,979,970	100%	\$ 8,457,501	100%

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2022 and 2021 for the County's *governmental activities*. The total cost of all programs and services was \$7,888,637 and \$7,641,712 for the years ended September 30, 2022 and 2021, respectively. A significant portion of the expenses are for Sheriff, Jail, and road and bridge management at 22%, 12% and 27%, respectively.

Table 3 - County's Expenses

	Governmental Activities			
	2022	Percent	2021	Percent
General government	\$ 645,483	8%	\$ 505,136	7%
County Judge	192,265	2%	199,002	3%
County Clerk	238,675	3%	275,313	4%
Veteran services	11,084	0%	11,537	0%
Election administration	443,510	2%	156,547	2%
Information technology	138,390	2%	136,196	2%
District Clerk	130,348	2%	128,747	2%
Justice of the Peace	236,559	3%	242,765	3%
County Attorney	171,245	2%	180,451	2%
District Attorney	72,850	1%	93,055	1%
District Judge	98,876	1%	76,045	1%
County Auditor	220,152	3%	205,038	3%
County Treasurer	67,526	1%	69,843	1%
Tax office	345,549	4%	343,341	4%
Building maintenance	134,261	2%	121,701	2%
Constable	75,303	1%	77,944	1%
Sheriff	1,719,530	22%	1,585,758	21%
Jail	907,679	12%	991,805	13%
Adult probation	4,762	0%	4,197	0%
Highway patrol	12,944	0%	7,995	0%
Emergency management	20,074	0%	18,903	0%
Extension office	101,623	1%	112,157	1%
Game Warden	646	0%	3,294	0%
Road and bridge maintenance	2,098,128	27%	1,885,253	25%
CARES/ARPA related	79,348	1%	176,825	2%
Debt service - interest	21,827	0%	32,864	0%
Total Expenses	\$ 7,888,637	100%	\$ 7,641,712	100%

Governmental Activities

Table 4 presents the various revenue categories and gross costs of the County for both the current and prior year.

Table 4 - Changes in Net Position

	Governmental Activities			
	2022	2021	\$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	\$ 1,094,010	\$ 1,085,563	\$ 8,447	1%
Operating grants and contributions	737,681	541,088	196,593	36%
Capital grants and contributions	120,000	-	120,000	N/A
General revenues:				
Property taxes - general purposes	6,454,631	6,137,822	316,809	5%
Property taxes - debt service purposes	17,248	468,934	(451,686)	-96%
Investment earnings	92,672	37,705	54,967	146%
Miscellaneous	463,728	186,389	277,339	149%
Total Revenues	8,979,970	8,457,501	522,469	6%
Expenses:				
General government	645,483	505,136	140,347	28%
County Judge	192,265	199,002	(6,737)	-3%
County Clerk	238,675	275,313	(36,638)	-13%
Veteran services	11,084	11,537	(453)	-4%
Election administration	143,510	156,547	(13,037)	-8%
Information technology	138,390	136,196	2,194	2%
District Clerk	130,348	128,747	1,601	1%
Justice of the Peace	236,559	242,765	(6,206)	-3%
County Attorney	171,245	180,451	(9,206)	-5%
District Attorney	72,850	93,055	(20,205)	-22%
District Judge	98,876	76,045	22,831	30%
County Auditor	220,152	205,038	15,114	7%
County Treasurer	67,526	69,843	(2,317)	-3%
Tax office	345,549	343,341	2,208	1%
Building maintenance	134,261	121,701	12,560	10%
Constable	75,303	77,944	(2,641)	-3%
Sheriff	1,719,530	1,585,758	133,772	8%
Jail	907,679	991,805	(84,126)	-8%
Adult probation	4,762	4,197	565	13%
Highway patrol	12,944	7,995	4,949	62%
Emergency management	20,074	18,903	1,171	6%
Extension office	101,623	112,157	(10,534)	-9%
Game Warden	646	3,294	(2,648)	-80%
Road and bridge maintenance	2,098,128	1,885,253	212,875	11%
CARES/ARPA related	79,348	176,825	(97,477)	-55%
Debt service - interest	21,827	32,864	(11,037)	-34%
Total Expenses	7,888,637	7,641,712	246,925	3%
Change in Net Position	\$ 1,091,333	\$ 815,789	\$ 275,544	34%

The most significant changes between years are as follows:

- Operating grant and contributions increased \$196,593 or 36% is mostly due to the new fees for the County collecting property taxes for other taxing entities within the county as well as the new bond supervision fees.
- Property taxes—debt service purposes decreased \$451,686 or 96% due to the County not levying a debt service tax for 2021-22.
- Miscellaneous revenues increased \$277,339 or 149% mostly due to insurance proceeds from the tornado damage.
- Road and bridge maintenance increased \$200,715 or 11% due to the additional staffing and raises, additional repairs and higher fuel costs.

Table 5 presents the net cost of the County's most significant governmental departments/functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, other taxes, and other miscellaneous general revenues.

Table 5 - Net Cost of Selected County Departments/Functions

	Governmental Activities			
	2022	Percent	2021	Percent
General government	\$ 483,055	8%	\$ 274,868	5%
County Clerk	4,325	0%	44,808	1%
District Clerk	86,364	1%	90,099	1%
Justice of the Peace	117,225	2%	60,241	1%
County Attorney	129,245	2%	141,951	2%
District Attorney	72,850	1%	93,055	2%
Tax Office	(199,157)	-3%	(80,029)	-1%
Sheriff	1,596,741	27%	1,463,344	24%
Jail	884,057	15%	907,309	15%
Road and bridge maintenance	1,590,515	27%	1,638,749	27%

Financial Analysis of the County's Funds

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

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

As of September 30, 2022, the County's governmental funds reported a combined ending fund balance of \$5,198,209, a decrease of \$813,261 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
September 30, 2022**

	General Fund	Road & Bridge Fund	American Rescue Grant Fund	Debt Service Fund	Nonmajor Government Funds	Totals
Nonspendable:						
Prepays	\$ 72,621	\$ 7,568	\$ -	\$ -	\$ -	\$ 80,189
Restricted for:						
Road and bridge maintenance	-	1,933,329	-	-	-	1,933,329
American Rescue Grant	-	-	14,703	-	-	14,703
Committed:						
Special projects	-	-	-	-	827,620	827,620
Assigned	278,733	-	-	-	-	278,733
Unassigned	2,063,635	-	-	-	-	2,063,635
Total Fund Balances	\$ 2,414,989	\$ 1,940,897	\$ 14,703	\$ -	\$ 827,620	\$ 5,198,209

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$2,414,989, of which \$72,621 was nonspendable, \$278,733 was assigned, and \$2,063,635 was unassigned. The total unassigned fund balance represents 37% of the total General Fund expenditures for the year ended September 30, 2022. The total fund balance decreased \$604,805 in the current fiscal year.

The revenues totaled \$6,517,502, an increase of \$833,918 or 15% over the preceding year. The revenue categories with significant changes between years were as follows:

- Intergovernmental revenues increased \$184,876 or 69%. The increase is mostly due to new fees related to the County collecting property taxes for other taxing entities within the county as well as the new bond supervision fees.
- Other revenue increased \$276,641 or 148%. The increase is mostly due mostly due to insurance proceeds from the tornado damage in 2021-22.

The expenditures totaled \$6,506,924, an increase of \$838,511 or 15% over the preceding year. The expenditure categories with significant changes between years were as follows:

- General government expenditures increased \$123,521 or 28%. The increase is mostly repairs related to the tornado and the fourth floor Courthouse repairs and updates.
- Sheriff expenditures increased \$268,744 or 18%. The increase is mostly due to the additional staffing and raises and higher fuel costs.
- Capital outlay expenditures increased \$332,722 or 98%. The increase is due to more capital acquisitions in the current year, particularly for the Courthouse HVAC systems, and the Sheriff and elections departments.
- Debt service – principal increased \$168,670 or 37%. The increase is due to additional payments from the issuance of debt in the current year.

Other sources and uses totaled (\$615,383), mostly due a transfer out of \$794,182. \$736,682 of the transfers out was to the Debt Service Fund to pay off bonded debt in the current year.

Road & Bridge Fund

At the end of the current fiscal year, the ending fund balance for the Road & Bridge Fund was \$1,940,897, of which \$7,568 was nonspendable and \$1,933,329 was restricted. The total restricted fund balance represents 90% of the total Road & Bridge Fund expenditures for the year ended September 30, 2022. The total fund balance increased \$23,681 in the current fiscal year.

The revenues totaled \$1,884,117, an increase of \$7,098 or less than 1% over the preceding year. There were no significant changes in the revenue categories between years.

The expenditures totaled \$2,159,458, an increase of \$423,542 or 24% over the preceding year. The expenditure categories with significant changes between years were as follows:

- Road and bridge maintenance expenditures increased \$191,513. The increase is due to the additional staffing and raises, additional repairs and increased fuel costs.
- Capital outlay expenditures increased \$232,029 due to increased capital asset purchases.

Other sources totaled \$339,842 and included \$144,180 of proceeds from the sale of capital assets and \$194,842 from transfers in from the CTIF grant forced accounts.

American Rescue Grant Fund

The American Rescue Grant fund consists of the federal COVID-19 relief American Rescue Grant. The total ending fund balance was \$14,703, an increase of \$13,121 from the previous year. The revenues decreased \$19,580 or 16%. Most of the decrease \$31,119 was intergovernmental revenues due to a decrease in ARPA funds recognized in the current year from decreased spending. The expenditures also decreased \$31,119 or 26% from the decrease in expended funds.

Debt Service Fund

At the end of the current fiscal year, the ending fund balance was \$0 for the Debt Service Fund as the fund was closed during the fiscal year. The County did not levy any taxes for debt service during the year; therefore, property tax revenues decreased \$456,874 or 96% over the preceding year.

Debt service principal increased \$495,000 or 108% over the preceding year as the County paid off the bonded debt earlier during the fiscal year.

To close out the fund, the General Fund transferred in \$736,682 to cover the Debt Service Fund's operating deficit and close out the fund.

Nonmajor Funds

Nonmajor funds consist of the various special revenue funds. The total ending fund balance was \$827,620, an increase of \$7,334 from the previous year.

The revenues totaled \$614,417, an increase of \$230,863 or 60%. The most significant change between years is intergovernmental revenues which increased \$222,428 or 75% over the preceding year. The increase is due to increases in the CTIF grant of \$296,684 and the DSHS grant of \$40,917 offset by the decrease in the CARES Act grant of \$76,163.

The expenditures totaled \$513,115, an increase of \$137,385 or 37%. Several expenditure categories changed between years, but they mostly changed due to the grant changes between years; increased Courthouse security expenditures and decrease in County Clerk's record management project as it was completed in the prior year.

The nonmajor funds' other sources and uses totaled (\$93,968). Transfers in were \$100,874 and transfers out were \$194,842.

General Fund Budgetary Highlights

The County only made a minor budget amendment during to the fund the year increasing expenditures by \$1,718.

The total revenues were \$509,586 more than budgeted and total expenditures were \$115,427 more than the final budget amounts. The most significant budget variance was other revenue by \$365,098.

Most expenditures were below their budget; however, eight categories had over-expended budgets ranging from \$123 to \$451,075.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2022, the County had invested in a broad range of capital assets totaling \$13,179,364, net of accumulated depreciation, including land, buildings and improvements, equipment, right-to-use leased assets, subscription assets, and infrastructure. See Table 7 below.

Table 7 - Capital Assets, Net

	2022	2021	\$ Change	% Change
Land	\$ 116,890	\$ 116,890	\$ -	0%
Buildings and improvements	4,061,072	4,072,610	(11,538)	0%
Equipment	4,440,388	3,822,251	618,137	16%
Right-to-use leased assets	35,070	55,783	(20,713)	-37%
Subscription assets	219,512	244,253	(24,741)	-10%
Infrastructure	4,306,432	4,370,319	(63,887)	-1%
Totals	\$13,179,364	\$12,682,106	\$ 497,258	11%

Capital assets, net of accumulated depreciation, increased \$479,258 or 11% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2022, the County had \$219,574 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2022	2021	\$ Change	% Change
General obligation bonds	\$ -	\$ 955,000	\$ (955,000)	-100%
Lease financing payable	-	36,313	(36,313)	-100%
Right-to-use lease liabilities	32,456	52,603	(20,147)	-38%
Subscription liabilities	187,118	183,397	3,721	2%
Totals	\$ 219,574	\$ 1,227,313	\$ (1,007,739)	-82%

Total long-term obligations decreased \$1,007,739 or 82%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Taxable value used for the 2022-23 budget preparation is \$1,334,951,185, an increase of \$120,560,915, or 10% from the prior year taxable values. The overall tax rate adopted is \$.512155 per \$100 valuation, a decrease of \$.031625 per \$100 valuation.

General Fund

General Fund revenues budgeted for 2022-23 are \$6,224,912, a decrease of \$292,590, or 5% from the final 2021-22 revenues of \$6,517,502. Most of the decrease relates to less other revenues.

General Fund expenditures budgeted for 2022-23 are \$6,503,645, a decrease of \$3,279 or less than 1% from the final 2021-22 expenditures of \$6,506,924.

If these estimates are realized, the County's General Fund's fund balance will decrease \$278,733 by September 30, 2023.

Road & Bridge Fund

Road & Bridge Fund revenues budgeted for 2022-23 are \$1,969,400, an increase of \$125,283, or 6% from the final 2021-22 revenues of \$1,844,117. Most of the increase relates to more property tax revenues.

Road & Bridge Fund expenditures budgeted for 2022-23 are \$3,287,522, an increase of \$1,128,064 or 34% from the final 2021-22 expenditures of \$2,159,458. Most of the increase relates to increased capital outlay expenditures.

If these estimates are realized, the County's Road & Bridge Fund's fund balance will decrease \$1,318,122 by September 30, 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office.

BASIC FINANCIAL STATEMENTS

JACK COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities
Assets	
Cash	\$ 6,599,429
Receivables:	
Property taxes, net	152,779
Other governments	174,056
Others	2,130
Due from fiduciary	211,039
Prepaid expenses:	80,189
Net pension asset	1,502,279
Capital assets not being depreciated	116,890
Capital assets being depreciated, net	13,062,474
Total assets	<u>21,901,265</u>
Deferred Outflows of Resources	
Pension plan related	<u>546,173</u>
Liabilities	
Accounts payable	167,571
Due to other governments	6,623
Accrued liabilities	125,802
Unearned revenues	1,568,638
Long-term liabilities	
Due within one year	211,238
Due in more than one year	103,689
Total liabilities	<u>2,183,561</u>
Deferred Inflows of Resources	
Pension plan related	<u>2,209,814</u>
Net Position	
Net investment in capital assets	12,959,790
Restricted	3,450,311
Unrestricted	1,643,962
Total net position	<u>\$ 18,054,063</u>

The accompanying notes are an integral part of this statement.

JACK COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					Governmental Activities
General government	\$ 645,483	\$ -	\$ 162,428	\$ -	\$ (483,055)
County Judge	192,265	415	25,640	-	(166,210)
County Clerk	238,675	234,350	-	-	(4,325)
Veteran services	11,084	-	-	-	(11,084)
Election administration	143,510	-	-	120,000	(23,510)
Information technology	138,390	-	-	-	(138,390)
District Clerk	130,348	43,984	-	-	(86,364)
Justice of the Peace	236,559	119,334	-	-	(117,225)
County Attorney	171,245	-	42,000	-	(129,245)
District Attorney	72,850	-	-	-	(72,850)
District Judge	98,876	-	-	-	(98,876)
County Auditor	220,152	-	-	-	(220,152)
County Treasurer	67,526	-	-	-	(67,526)
Tax office	345,549	544,706	-	-	199,157
Building maintenance	134,261	-	-	-	(134,261)
Constable	75,303	4,810	-	-	(70,493)
Sheriff	1,719,530	122,789	-	-	(1,596,741)
Jail	907,679	23,622	-	-	(884,057)
Adult probation	4,762	-	-	-	(4,762)
Highway patrol	12,944	-	-	-	(12,944)
Emergency management	20,074	-	-	-	(20,074)
Extension office	101,623	-	-	-	(101,623)
Game Warden	646	-	-	-	(646)
Road and bridge maintenance	2,098,128	-	507,613	-	(1,590,515)
CARES/ARPA related	79,348	-	-	-	(79,348)
Debt service - interest	21,827	-	-	-	(21,827)
Total governmental activities	\$ 7,888,637	\$ 1,094,010	\$ 737,681	\$ 120,000	(5,936,946)
General revenues:					
Property taxes, levied for general purposes					6,454,631
Property taxes, levied for debt service purposes					17,428
Investment earnings					92,672
Miscellaneous					463,728
Total general revenues					7,028,459
Change in net position					1,091,513
Net position - beginning					16,962,550
Net position - ending					\$ 18,054,063

The accompanying notes are an integral part of this statement.

JACK COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Road & Bridge Fund	American Rescue Grant Fund
ASSETS			
Cash	\$ 2,357,353	\$ 2,004,226	\$ 1,541,736
Receivables, net:			
Property taxes	121,535	31,244	-
Other governments	7,283	24,273	-
Others	1,715	-	-
Other funds	196,832	5,918	-
Prepaid expenses:	72,621	7,568	-
Total assets	<u>\$ 2,757,339</u>	<u>\$ 2,073,229</u>	<u>\$ 1,541,736</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 76,972	\$ 77,129	\$ 395
Due to other governments	-	-	-
Accrued liabilities	101,843	23,959	-
Unearned revenues	42,000	-	1,526,638
Total liabilities	<u>220,815</u>	<u>101,088</u>	<u>1,527,033</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>121,535</u>	<u>31,244</u>	<u>-</u>
Fund balances:			
Nonspendable - prepaids	72,621	7,568	-
Restricted	-	1,933,329	14,703
Committed	-	-	-
Assigned	278,733	-	-
Unassigned	2,063,635	-	-
Total fund balances	<u>2,414,989</u>	<u>1,940,897</u>	<u>14,703</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,757,339</u>	<u>\$ 2,073,229</u>	<u>\$ 1,541,736</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 696,114	\$ 6,599,429
-	-	152,779
-	142,500	174,056
-	415	2,130
-	8,289	211,039
-	-	80,189
<u>\$ -</u>	<u>\$ 847,318</u>	<u>\$ 7,219,622</u>
\$ -	\$ 13,075	\$ 167,571
-	6,623	6,623
-	-	125,802
-	-	1,568,638
<u>-</u>	<u>19,698</u>	<u>1,868,634</u>
<u>-</u>	<u>-</u>	<u>152,779</u>
-	-	80,189
-	-	1,948,032
-	827,620	827,620
-	-	278,733
-	-	2,063,635
<u>-</u>	<u>827,620</u>	<u>5,198,209</u>
<u>\$ -</u>	<u>\$ 847,318</u>	<u>\$ 7,219,622</u>

JACK COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total fund balances - governmental funds (Exhibit A-3) \$ 5,198,209

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	\$ 20,886,865	
Related accumulated depreciation	<u>7,707,501</u>	13,179,364

Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds. 152,779

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:

Right-to-use lease liabilities	32,456	
Subscription liabilities	187,118	
Accrued compensated absences	<u>95,353</u>	(314,927)

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	546,173	
Deferred inflows - pension related items	(2,209,814)	
Net pension asset	<u>1,502,279</u>	<u>(161,362)</u>

Total net position - governmental activities (Exhibit A-1) \$ 18,054,063

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, 2022

	General Fund	Road & Bridge Fund	American Rescue Grant Fund
Revenues			
Property taxes	\$ 5,191,605	\$ 1,378,370	\$ -
Licenses, fees, and fines	329,864	420,981	-
Intergovernmental	453,532	44,066	88,881
Interest earned	79,487	-	13,121
Other revenue	463,014	700	-
Total revenues	<u>6,517,502</u>	<u>1,844,117</u>	<u>102,002</u>
Expenditures			
Current:			
General government	563,022	-	-
County Judge	209,583	-	-
County Clerk	192,795	-	-
Veteran services	11,084	-	-
Election administration	141,100	-	-
Information technology	147,787	-	-
District Clerk	138,692	-	-
Justice of the Peace	260,774	-	-
County Attorney	192,239	-	-
District Attorney	93,055	-	-
District Judge	98,241	-	-
County Auditor	220,675	-	-
County Treasurer	74,831	-	-
Tax office	373,413	-	-
Building maintenance	140,569	-	-
Constable	81,237	-	-
Sheriff	1,744,679	-	-
Jail	844,833	-	-
Adult probation	4,762	-	-
Highway patrol	12,944	-	-
Emergency management	14,318	-	-
Extension office	108,935	-	-
Game Warden	646	-	-
Road and bridge maintenance	-	1,684,079	-
CARES/ARPA related	-	-	65,703
Capital outlay	673,575	475,379	23,178
Debt Service:			
Debt service principal	149,668	-	-
Debt service interest and fees	13,471	-	-
Total expenditures	<u>6,506,924</u>	<u>2,159,458</u>	<u>88,881</u>
Excess of revenues over (under) expenditures	<u>10,578</u>	<u>(315,341)</u>	<u>13,121</u>
Other sources and (uses):			
Proceeds from sale of capital assets	81,870	144,180	-
Proceeds from issuance of SBITA debt	96,929	-	-
Transfers in	-	194,842	-
Transfers out	(794,182)	-	-
Total other sources and (uses)	<u>(615,383)</u>	<u>339,022</u>	<u>-</u>
Net change in fund balances	(604,805)	23,681	13,121
Fund balances, beginning of year	3,019,794	1,917,216	1,582
Fund balances, end of year	<u>\$ 2,414,989</u>	<u>\$ 1,940,897</u>	<u>\$ 14,703</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 17,428	\$ -	\$ 6,587,403
-	95,831	846,676
-	518,550	1,105,029
28	36	92,672
-	-	463,714
<u>17,456</u>	<u>614,417</u>	<u>9,095,494</u>
-	59,428	622,450
-	777	210,360
-	64,904	257,699
-	-	11,084
-	-	141,100
-	-	147,787
-	4,500	143,192
-	-	260,774
-	-	192,239
-	-	93,055
-	635	98,876
-	-	220,676
-	-	74,831
-	-	373,413
-	-	140,569
-	-	81,237
-	-	1,744,679
-	-	844,833
-	-	4,762
-	-	12,944
-	-	14,313
-	-	108,935
-	-	646
-	359,225	2,043,304
-	13,645	79,348
-	10,001	1,182,133
955,000	-	1,104,668
8,356	-	21,827
<u>963,356</u>	<u>513,115</u>	<u>10,231,734</u>
<u>(945,900)</u>	<u>101,302</u>	<u>(1,136,240)</u>
-	-	226,050
-	-	96,929
736,682	100,874	1,032,398
(43,374)	(194,842)	(1,032,398)
<u>693,308</u>	<u>(93,968)</u>	<u>322,979</u>
(252,592)	7,334	(813,261)
252,592	820,286	6,011,470
<u>\$ -</u>	<u>\$ 827,620</u>	<u>\$ 5,198,209</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, 2022

Net change in fund balances - total governmental funds (Exhibit A-5) \$ (813,261)

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	\$ 1,182,133	
Depreciation expense for the year	<u>603,699</u>	578,434

The net book value of the capital assets disposed of during the year are not recorded in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale. The net book value of the capital assets disposed of during the year was:

(81,176)

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:

(115,344)

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

Subscription liabilities		(96,929)
--------------------------	--	----------

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	955,000	
Lease financing payable	36,313	
Right-to-use lease liabilities	20,147	
Subscription liabilities	<u>93,208</u>	1,104,668

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:

23,264

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.

491,857

Change in net position of governmental activities (Exhibit A-2) \$ 1,091,513

The accompanying notes are an integral part of this statement.

JACK COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
Assets	
Cash	\$ 1,194,803
Due from other funds	74,828
Due from others	15
Total assets	<u>1,269,646</u>
Liabilities	
Accounts payable	23,002
Due to other funds	285,867
Total liabilities	<u>308,869</u>
Net Position	
Restricted for other purposes	960,777
Total net position	<u>\$ 960,777</u>

The accompanying notes are an integral part of this statement.

JACK COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
Additions	
County Clerk	\$ 19,633
District Clerk	248,015
Justice of the Peace	71,907
Tax Assessor/Collector	23,257,286
Sheriff	87,226
Miscellaneous	<u>264,503</u>
Total additions	<u>23,948,570</u>
Deductions	
County Clerk	22,793
District Clerk	75,831
Justice of the Peace	71,642
Tax Assessor/Collector	23,229,745
Sheriff	98,642
Miscellaneous	<u>86,936</u>
Total deductions	<u>23,585,589</u>
Change in net position	362,981
Net position - beginning	597,796
Net position - ending	<u><u>\$ 960,777</u></u>

The accompanying notes are an integral part of this statement.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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.

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.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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.

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.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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.

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.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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 \$546,173.

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 \$152,779 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 TCERS of \$2,209,814.

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.

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.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

9. Right-to-Use Lease Liabilities

The County is a lessee for four 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 has four 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.

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.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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. The assigned portion in the General Fund related to the deficit budget adopted for the year ended September 30, 2023.

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.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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 Annual Comprehensive 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 and in total. 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, 2022.

C. DEPOSITS AND INVESTMENTS

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, 2022, the carrying amount of the County's deposits was \$6,599,429 and the balance per the bank was \$6,928,911.

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, 2022 were \$1,194,803 and the balance per the bank was \$1,147,688. All deposits and investments were secured by FDIC coverage.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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, 2022 was \$0.54378 per \$100 valuation.

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, 2022, net property taxes receivable is calculated as follows:

	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Totals</u>
Gross property taxes receivable	\$252,378	\$62,123	\$314,501
Allowance for uncollectible taxes	(130,842)	(30,890)	(161,722)
Net property taxes receivable	\$121,536	\$31,243	\$152,779

Of the \$152,779 of net property taxes receivable at September 30, 2022, the County expects to collect approximately \$85,000 within a year. This is less than the amount of delinquent taxes received in previous years.

E. CAPITAL ASSETS

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

Governmental Activities:	<u>Balance 10/1/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/22</u>
Capital assets not being depreciated:				
Land	\$ 116,890	\$ -	\$ -	\$ 116,890
Capital assets being depreciated:				
Buildings and improvements	6,633,830	115,787	-	6,749,617
Equipment	6,381,146	969,417	261,993	7,088,570
Right-to-use leased assets	114,603	-	-	114,603
Subscription assets	395,462	96,929	-	492,391
Infrastructure	6,324,794	-	-	6,324,794
Total capital assets being depreciated	<u>\$19,849,835</u>	<u>\$1,182,133</u>	<u>\$261,993</u>	<u>\$20,769,975</u>

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Less accumulated depreciation for:				
Buildings and improvements	2,561,220	127,325	-	2,688,545
Equipment	2,558,895	270,104	180,817	2,648,182
Right-to-use leased assets	58,820	20,713	-	79,533
Subscription assets	151,209	121,670	-	272,879
Infrastructure	<u>1,954,475</u>	<u>63,887</u>	<u>-</u>	<u>2,018,362</u>
Total accumulated depreciation	<u>7,284,619</u>	<u>603,699</u>	<u>180,817</u>	<u>7,707,501</u>
Total capital assets being depreciated, net	<u>12,565,216</u>	<u>578,434</u>	<u>81,176</u>	<u>13,062,474</u>
Governmental activities capital assets, net	<u>\$12,682,106</u>	<u>\$ 578,434</u>	<u>\$ 81,176</u>	<u>\$13,179,364</u>

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

Governmental activities:	
General government	\$ 80,533
Election administration	12,263
Constable	1,648
Sheriff	136,881
Jail	127,751
Emergency management	5,761
Extension office	533
Road and bridge maintenance	<u>238,329</u>
Total governmental depreciation	<u>\$603,699</u>

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balances due to and from other funds at September 30, 2022 were as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Custodial Funds	\$196,832	Payment of fees
Road and Bridge Fund	Custodial Funds	5,918	Payment of fees
Nonmajor Governmental Funds	Custodial Funds	8,289	Payment of fees
Custodial Funds	Custodial Funds	<u>74,828</u>	Payment of fees
	Total	<u>\$285,867</u>	

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

Interfund transfers during the year ended September 30, 2022 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Debt Service Fund	\$ 736,682	Close Fund
General Fund	Nonmajor Governmental Funds	57,500	Supplement other sources
Debt Service Fund	Nonmajor Governmental Funds	43,374	Supplement other sources
Nonmajor Governmental Funds	Road and Bridge Fund	<u>194,842</u>	Reimburse costs
Totals		<u>\$1,032,398</u>	

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

G. 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, 2022 were as follows:

Governmental Activities:	Balance 10/1/21	Additions	Retirements	Balance 9/30/22	Due Within One Year
General obligation bonds	\$ 955,000	\$ -	\$ 955,000	\$ -	\$ -
Lease financing payable	36,313	-	36,313	-	-
Right-to-use lease liabilities	52,603	-	20,147	32,456	16,293
Subscription liabilities	183,397	96,929	93,208	187,118	99,592
Compensated absences	118,617	25,256	48,520	95,353	95,353
Total long-term liabilities— governmental activities	\$1,345,930	\$122,185	\$1,153,188	\$314,927	\$211,238

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

Total debt service requirements to maturity are as follows

Year	Principal	Interest	Total
2023	\$115,885	\$ 8,173	\$124,058
2024	73,083	3,969	77,052
2025	28,777	1,105	29,882
2026	1,829	15	1,844
Totals	\$219,574	\$13,262	\$232,836

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 had interest ranging from .75% to 1.75% and were paid in full during the year ended September 30, 2022.

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 carried interest at an imputed rate of 4.00% and was paid in full during the year ended September 30, 2022.

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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 9/30/22</u>
Tower space	\$ 33,985	2/1/18	2/1/26	4.00%	\$16,633
Copy machines	45,078	4/10/18	4/10/23	4.00%	4,923
Mail machine (courthouse)	23,291	2/27/19	3/29/24	4.00%	6,264
Mail machine (LEC)	6,833	3/30/21	4/29/25	4.00%	<u>4,636</u>
Total balance at September 30, 2022					<u>\$32,456</u>

Interest expense of \$1,761 was incurred on the right-to-use lease liabilities for the year ended September 30, 2022.

The assets under right-to-use lease liabilities and related accumulated depreciation at September 30, 2022 are included in right-to-use leased buildings and improvements and right-to-use leased equipment in Note E.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$16,293	\$ 975	\$17,268
2024	8,078	491	8,569
2025	6,256	204	6,460
2026	<u>1,829</u>	<u>15</u>	<u>1,844</u>
Totals	<u>\$32,456</u>	<u>\$1,685</u>	<u>\$34,141</u>

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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 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%.

In January 2022, 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 \$4,204 to \$4,338 for two years beginning January 2022. The arrangement carries an imputed rate of 5.00%.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/22</u>
Evidence software	\$ 45,242	12/2/19	12/2/24	4.00%	\$ 18,668
Records management software	137,324	2/15/20	2/15/25	4.00%	41,155
Dash camera software	134,397	1/20/21	1/20/26	4.00%	64,998
Property tax software	78,498	1/1/22	1/1/24	5.00%	62,297
Total balance at September 30, 2022					<u>\$187,118</u>

Interest expense of \$10,257 was incurred for the year ended September 30, 2022.

The assets under subscription-based information technology arrangement liabilities and related accumulated depreciation at September 30, 2022 are included in subscription assets in Note E.

Subscription liabilities service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 99,592	\$ 7,198	\$106,790
2024	65,005	3,478	68,483
2025	22,521	901	23,422
Totals	<u>\$187,118</u>	<u>\$11,577</u>	<u>\$198,695</u>

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

H. 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.

I. 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, 2022, 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.

J. 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.

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, 2022

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

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	101
Active employees	79

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 10.72% for the months of the accounting year in 2021, and 10.74% for the months of the accounting year in 2022.

The contribution rate payable by the employee members for calendar year 2021 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 Asset

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

Actuarial Assumptions

The actuarial assumptions that determined the total pension asset as of December 31, 2021 were based on the results of an actuarial experience investigation of TCDRS over the years 2017-2020, except where required to be different by GASB 68.

Real rate of return	5.00% per year
Inflation	2.50% per year
Long-term investment return	7.50% per year, net of pension plan investments expenses
Growth in membership	0.00% per year
Payroll growth	3.00% per year

Salary increases were based on a service-related table. The mortality rates for active members were based on 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-120 General Employees Amount-Weighted Mortality Table for females, both projected with

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

100% of the MP-2021 Ultimate scale after 2010. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. The mortality rates for disabled retirees were based on 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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 based on January 2023 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 long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting.

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 ⁽¹⁾</u>	<u>Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
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%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFR) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

- (1) Target asset allocation adopted at the March 2022 TCDRS Board Meeting.
- (2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.60% per Cliffwater's 2022 capital market assumptions.
- (3) Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.
- (4) Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.
- (5) 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 (asset) 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, 2020	\$16,376,273	\$15,491,142	\$ 885,131
Changes for the year			
Service cost	384,176	-	384,176
Interest on total pension liability (asset)	1,232,881	-	1,232,881
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	39,396	-	39,396
Effect of assumptions changes or inputs	(165,916)	-	(165,916)
Refund of contributions	(39,270)	(39,270)	-
Benefit payments	(1,057,469)	(1,057,469)	-
Administrative expense	-	(9,886)	9,886
Member contributions	-	220,447	(220,447)
Net investment income	-	3,340,731	(3,340,731)
Employer contributions	-	337,598	(337,598)
Other changes	-	(10,943)	10,943
Balances as of December 31, 2021	<u>\$16,770,071</u>	<u>\$18,272,350</u>	<u>(\$1,502,279)</u>

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Sensitivity Analysis

The following presents the net pension asset of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension asset 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 (asset)	<u>\$463,573</u>	<u>(\$1,502,279)</u>	<u>(\$3,159,272)</u>

Pension Expense/(Income)

	<u>January 1, 2021 to December 31, 2021</u>
Service cost	\$ 384,176
Interest on total pension asset ⁽¹⁾	1,232,881
Effect of plan changes	-
Administrative expenses	9,886
Member contributions	(220,447)
Expected investment return net of investment expenses	(1,156,454)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	23,550
Recognition of assumption changes or inputs	188,774
Recognition of investment gains or losses	(620,918)
Other ⁽²⁾	<u>10,943</u>
Pension income	<u>(\$ 147,609)</u>

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

⁽²⁾ Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources

As of September 30, 2022, 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	\$ 24,200	\$ 82,958
Change in assumptions	271,732	-
Net difference between projected and actual earnings	-	2,126,856
Contributions made subsequent to measurement date	<u>250,241</u>	<u>-</u>
Total	<u>\$546,173</u>	<u>\$2,209,814</u>

JACK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

\$250,241 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the plan year ending December 31, 2022. 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>	
2022	(\$242,974)
2023	(727,655)
2024	(506,396)
2025	(436,857)

K. JUDICIAL ASSESSMENT RECEIVABLES

At September 30, 2022, 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.

REQUIRED SUPPLEMENTARY INFORMATION

JACK COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 5,210,096	\$ 5,210,096	\$ 5,191,605	\$ (18,491)
Licenses, fees and fines	236,480	236,480	329,864	93,384
Intergovernmental	375,424	375,424	453,532	78,108
Interest earned	88,000	88,000	79,487	(8,513)
Other revenue	97,916	97,916	463,014	365,098
Total revenues	6,007,916	6,007,916	6,517,502	509,586
Expenditures				
General government	727,663	727,663	563,022	164,641
County Judge	201,744	201,744	209,583	(7,839)
County Clerk	202,836	202,836	192,795	10,041
Veteran services	12,500	12,500	11,084	1,416
Election administration	156,348	156,348	141,100	15,248
Information technology	155,714	155,714	147,787	7,927
District Clerk	150,107	151,825	138,692	13,133
Justice of the Peace	265,412	265,412	260,774	4,638
County Attorney	192,116	192,116	192,239	(123)
District Attorney	93,658	93,658	93,055	603
District Judge	96,400	96,400	98,241	(1,841)
County Auditor	240,705	240,705	220,876	20,029
County Treasurer	74,896	74,896	74,831	65
Tax office	419,790	419,790	373,413	46,377
Building maintenance	137,529	137,529	140,569	(3,040)
Constable	87,615	87,615	81,237	6,378
Sheriff	1,749,519	1,749,519	1,744,679	4,840
Jail	1,001,534	1,001,534	844,833	156,701
Adult probation	4,300	4,300	4,762	(462)
Highway patrol	18,100	18,100	12,944	5,156
Emergency management	20,850	20,850	14,313	6,537
Extension office	152,293	152,293	108,935	43,358
Game Warden	5,650	5,650	646	5,004
Capital outlay	222,500	222,500	673,575	(451,075)
Debt service principal	-	-	149,668	(149,668)
Debt service interest and fees	-	-	13,471	(13,471)
Total expenditures	6,389,779	6,391,497	6,506,924	(115,427)
Excess of revenues over (under) expenditures	(381,863)	(383,581)	10,578	394,159
Other sources and (uses):				
Proceeds from sale of capital assets	-	-	81,870	81,870
Proceeds from issuance of SBITA debt	-	-	96,929	96,929
Transfers out	-	-	(794,182)	(794,182)
Total other sources and uses	-	-	(615,383)	(615,383)
Net change in fund balances	(381,863)	(383,581)	(604,805)	(221,224)
Fund balances, beginning of year	3,019,794	3,019,794	3,019,794	-
Fund balances, end of year	\$ 2,637,931	\$ 2,636,213	\$ 2,414,989	\$ (221,224)

JACK COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
ROAD & BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 1,414,000	\$ 1,414,000	\$ 1,378,370	\$ (35,630)
Licenses, fees and fines	392,000	392,000	420,981	28,981
Intergovernmental	50,000	50,000	44,066	(5,934)
Other revenue	5,000	5,000	700	(4,300)
Total revenues	<u>1,861,000</u>	<u>1,861,000</u>	<u>1,844,117</u>	<u>(16,883)</u>
Expenditures				
Road & Bridge - Precinct #1	474,410	474,410	494,561	(20,151)
Road & Bridge - Precinct #2	568,948	568,948	411,368	157,580
Road & Bridge - Precinct #3	466,092	466,092	399,635	66,457
Road & Bridge - Precinct #4	745,101	745,101	380,931	364,170
Capital Outlay	844,500	844,500	475,379	369,121
Total expenditures	<u>3,099,051</u>	<u>3,099,051</u>	<u>2,159,458</u>	<u>939,593</u>
Excess of revenues over (under) expenditures	<u>(1,238,051)</u>	<u>(1,238,051)</u>	<u>(315,341)</u>	<u>922,710</u>
Other sources:				
Proceeds from sale of capital assets	-	-	144,180	144,180
Transfers in	-	-	194,842	194,842
Total other sources	<u>-</u>	<u>-</u>	<u>339,022</u>	<u>339,022</u>
Net change in fund balances	<u>(1,238,051)</u>	<u>(1,238,051)</u>	<u>23,681</u>	<u>1,261,732</u>
Fund balances, beginning of year	<u>1,917,216</u>	<u>1,917,216</u>	<u>1,917,216</u>	<u>-</u>
Fund balances, end of year	<u>\$ 679,165</u>	<u>\$ 679,165</u>	<u>\$ 1,940,897</u>	<u>\$ 1,261,732</u>

JACK COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION ASSET/LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2021	2020	2019	2018
Total Pension Liability				
Service cost	\$ 384,176	\$ 345,627	\$ 294,492	\$ 298,759
Interest on total pension liability	1,232,881	1,206,620	1,169,427	1,140,250
Effect of plan changes	-	-	-	-
Effect of plan changes or inputs	(165,916)	815,196	-	-
Effect of economic/demographic (gains) or losses	39,396	13,506	(1,952)	(83,310)
Benefit payments/refunds of contributions	(1,096,739)	(1,089,951)	(1,019,309)	(964,194)
Net change in total pension liability	<u>393,798</u>	<u>1,290,998</u>	<u>442,658</u>	<u>391,505</u>
Total pension liability, beginning	16,376,273	15,085,275	14,642,617	14,251,112
Total pension liability, ending (a)	<u>\$ 16,770,071</u>	<u>\$ 16,376,273</u>	<u>\$ 15,085,275</u>	<u>\$ 14,642,617</u>
Fiduciary Net Position				
Employer contributions	\$ 337,598	\$ 335,250	\$ 289,493	\$ 296,543
Member contributions	220,447	201,094	186,087	184,042
Investment income net of investment expenses	3,340,731	4,505,121	2,137,765	(262,187)
Benefit payments/refunds of contributions	(1,096,740)	(1,089,950)	(1,019,309)	(964,194)
Administrative expenses	(9,886)	(11,335)	(11,111)	(10,453)
Other	(10,942)	(29,710)	(18,585)	(13,025)
Net change in fiduciary net position	<u>2,781,208</u>	<u>910,470</u>	<u>1,566,340</u>	<u>(769,274)</u>
Fiduciary net position, beginning	15,491,142	14,580,672	13,014,332	13,783,606
Fiduciary net position, ending (b)	<u>\$ 18,272,350</u>	<u>\$ 15,491,142</u>	<u>\$ 14,580,672</u>	<u>\$ 13,014,332</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (1,502,279)</u>	<u>\$ 885,131</u>	<u>\$ 504,603</u>	<u>\$ 1,628,285</u>
Fiduciary net position as a % of total pension liability	<u>108.96%</u>	<u>94.60%</u>	<u>96.65%</u>	<u>88.88%</u>
Covered payroll	<u>\$ 3,149,246</u>	<u>\$ 2,872,775</u>	<u>\$ 2,658,379</u>	<u>\$ 2,628,952</u>
Net pension liability as a % of covered payroll	<u>-47.70%</u>	<u>30.81%</u>	<u>18.98%</u>	<u>61.94%</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.

EXHIBIT B-3

2017	2016	2015	2014	2013	2012
\$ 311,100	\$ 316,483	\$ 303,217	\$ 293,402	N/A	N/A
1,104,475	1,045,182	1,008,867	977,463	N/A	N/A
-	49,594	(17,936)	-	N/A	N/A
115,177	-	168,900	-	N/A	N/A
(118,732)	37,055	(235,610)	(234,120)	N/A	N/A
(952,064)	(747,747)	(719,270)	(740,983)	N/A	N/A
<u>459,956</u>	<u>700,547</u>	<u>507,968</u>	<u>295,762</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>12,286,879</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 14,251,112</u>	<u>\$ 13,791,156</u>	<u>\$ 13,090,609</u>	<u>\$ 12,582,641</u>	<u>N/A</u>	<u>N/A</u>
\$ 261,378	\$ 322,808	\$ 278,000	\$ 294,849	N/A	N/A
175,094	169,868	167,760	164,196	N/A	N/A
1,816,155	875,209	48,496	793,087	N/A	N/A
(952,064)	(747,747)	(719,270)	(740,984)	N/A	N/A
(9,167)	(9,526)	(8,607)	(9,169)	N/A	N/A
(6,996)	24,979	(802)	(130,429)	N/A	N/A
<u>1,284,400</u>	<u>635,591</u>	<u>(234,423)</u>	<u>371,550</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>11,726,488</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 13,783,606</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>\$ 467,506</u>	<u>\$ 1,291,950</u>	<u>\$ 1,226,994</u>	<u>\$ 484,603</u>	<u>N/A</u>	<u>N/A</u>
<u>96.72%</u>	<u>90.63%</u>	<u>90.63%</u>	<u>96.15%</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 2,482,252</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>18.83%</u>	<u>53.24%</u>	<u>51.20%</u>	<u>20.66%</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

Year Ending September 30/ December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
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%
2022	344,249	344,249	-	3,206,928	10.7%

(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, 2022

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	\$ 7,839
County Attorney	123
County Judge	1,841
Building maintenance	3,040
Adult probation	462
Capital outlay	451,075
Debt service principal	149,668
Debt service interest and fees	13,471

Additionally, the General Fund was over-expended in total by \$115,427.

Road & Bridge Fund:	
Road & Bridge -- Precinct #1	\$ 20,151

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

JACK COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

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 (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.6 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. 4.7% 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	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 of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: Employer contributions reflected that that a 20% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.
	2019: No changes in plan provisions were reflected in the Schedule.
	2020: No changes in plan provisions were reflected in the Schedule.
	2021: No changes in plan provisions were reflected in the Schedule.