

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1

JASPER COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1

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ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jasper County Development District No. 1
Jasper County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Jasper County Development District No. 1 (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2023, 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 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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.

Board of Directors
Jasper County Development District No. 1

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 8, 2024

**JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Management’s discussion and analysis of the financial performance of Jasper County Development District No. 1 (the “District”) provides an overview of the District’s financial activities for the year ended December 31, 2023. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. The Statement of Net Position is the District-wide statement of its financial position presenting information that includes all of the District’s assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors. The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for sales and use tax revenues, hotel occupancy tax revenues, economic development expenditures and administrative costs. Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

**JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The General Fund fund balance increased by \$27,636 primarily due to hotel and sales and use tax revenues exceeding economic development and administrative costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the General Fund for the current fiscal year. Actual revenues were \$54,040 more than budgeted revenues, actual expenditures were \$30,178 more than budgeted expenditures and other financing sources were \$3,774 more than budgeted, which resulted in a positive variance of \$27,636. See the budget to actual comparison for more information.

CAPITAL ASSETS

The District did not own any capital assets as of December 31, 2023.

LONG-TERM DEBT ACTIVITY

The District did not incur any long-term debt during the year ended December 31, 2023.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$366,105 as of December 31, 2023.

**JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Cash	\$ 172,909	\$ 234,930	\$ (62,021)
Investments	172,214	65,876	106,338
Sales and Use Taxes Receivable	39,957	33,779	6,178
Hotel Occupancy Taxes Receivable	12,446	4,682	7,764
Other Receivables		496	(496)
Note Receivable		3,733	(3,733)
Total Assets	\$ 397,526	\$ 343,496	\$ 54,030
Total Liabilities	\$ 31,421	\$ 1,294	\$ (30,127)
Net Position:			
Unrestricted	\$ 366,105	\$ 342,202	\$ 23,903

The following table provides a summary of the District's operations for the years ended December 31, 2023 and December 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Hotel Occupancy Taxes	\$ 146,805	\$ 135,946	\$ 10,859
Sales and Use Taxes	191,019	167,204	23,815
Miscellaneous Revenues	7,557	1,945	5,612
Total Revenues	\$ 345,381	\$ 305,095	\$ 40,286
Total Expenses	321,478	263,249	(58,229)
Change in Net Position	\$ 23,903	\$ 41,846	\$ (17,943)
Net Position, Beginning of Year	342,202	300,356	41,846
Net Position, End of Year	\$ 366,105	\$ 342,202	\$ 23,903

**JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jasper County Development District No. 1, c/o Skelton Slusher Barnhill Watkins Wells PLLC, 1616 South Chestnut, Lufkin, Texas 75901.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2023

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 172,909	\$	\$ 172,909
Investments	172,214		172,214
Sales and Use Taxes Receivable	39,957		39,957
Hotel Occupancy Taxes Receivable	12,446		12,446
TOTAL ASSETS	\$ 397,526	\$ -0-	\$ 397,526
 LIABILITIES			
Accounts Payable	\$ 31,421	\$ -0-	\$ 31,421
 FUND BALANCE			
Unassigned	\$ 366,105	\$ (366,105)	\$ - 0 -
 TOTAL LIABILITIES AND FUND BALANCE	\$ 397,526		
 NET POSITION			
Unrestricted		\$ 366,105	\$ 366,105

The accompanying notes to the financial statements are an integral part of this report.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total Fund Balance - Governmental Fund	\$ 366,105
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Amounts reported for governmental activities in the Statement of Net Position are different because: No adjustments needed in the current year.

Total Net Position - Governmental Activities	<u>\$ 366,105</u>
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The accompanying notes to the financial statements are an integral part of this report.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Adjustments	Statement of Activities
REVENUES			
Hotel Occupancy Taxes	\$ 146,805	\$	\$ 146,805
Sales and Use Taxes	191,019		191,019
Miscellaneous Revenues	7,516	41	7,557
TOTAL REVENUES	\$ 345,340	\$ 41	\$ 345,381
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 7,535	\$	\$ 7,535
Contracted Services	2,104		2,104
Other	2,941		2,941
Economic Development	308,898		308,898
TOTAL EXPENDITURES/EXPENSES	\$ 321,478	\$ -0-	\$ 321,478
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 23,862	\$ 41	\$ 23,903
OTHER FINANCING SOURCES (USES)			
Loan Repayments	\$ 3,774	\$ (3,774)	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 27,636	\$ (27,636)	\$
CHANGE IN NET POSITION		23,903	23,903
FUND BALANCE/NET POSITION - JANUARY 1, 2023	338,469	3,733	342,202
FUND BALANCE/NET POSITION - DECEMBER 31, 2023	\$ 366,105	\$ -0-	\$ 366,105

The accompanying notes to the financial
statements are an integral part of this report.

**JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balance - Governmental Fund	\$	27,636
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report loan repayments as other financing sources. In the Statement of Net Position, the principal portion of loan repayments reduce long-term receivables.

Change in Net Position - Governmental Activities	\$	<u> (3,733)</u> <u> 23,903</u>
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The accompanying notes to the financial statements are an integral part of this report.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. CREATION OF DISTRICT

The Jasper County Development District No. 1 (the “District”), was created, effective August 8, 2005, by order of the Jasper County Commissioners Court under Chapter 383 of Texas Local Government Code. Pursuant to the provisions of Article XVI, Section 59, Article III, Section 52 and Article III, Section 52-a of the Texas Constitution, the District was organized to provide incentives for the location and development of projects that attract visitors and tourists and that result in employment and economic activity within Jasper County and the District. The Board of Directors held its organizational meeting on August 30, 2005.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”).

The District is a political subdivision of the State of Texas governed by a board appointed by the county commissioner’s court. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separate governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined on the following page.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of net position imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Fund

The District has one governmental fund and considers it to be a major fund. The General Fund accounts for sales and use tax revenues, hotel occupancy tax revenues, economic development expenditures, and administrative costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

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

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$172,909 and the bank balance was \$182,909. The bank balance was fully covered by federal depository insurance.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of December 31, 2023, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	<u>\$ 172,214</u>	<u>\$ 172,214</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023, the District's investment in TexPool was rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

NOTE 4. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts and errors and omissions for which the District carries Director's and Officer's liability insurance. There have been no significant changes in coverage from the prior year and there have been no settlements in the past three years.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5. HOTEL OCCUPANCY TAX AND SALES AND USE TAX

On December 12, 2005, the Jasper County Commissioners Court authorized the imposition of a seven percent hotel occupancy tax on all eligible overnight guest stays within the boundaries of the District. The County agrees to remit to the District hotel occupancy taxes collected by the County not later than the 10th day after the date the County receives such funds. For the year ended December 31, 2023, the District recorded hotel occupancy tax revenues of \$146,805, including taxes receivable of \$12,446.

In accordance with Chapter 383, Local Government Code, the District may levy a local sale and use tax to be used for the promotion and development of tourism within the District. At an election held on November 8, 2005, the voters of the District approved the levy and collection of a local sales and use tax at the rate of one-half of one percent on all taxable items sold at retail within the District in accordance with the regulations of the office of the Comptroller of Public Accounts of the State of Texas. For the year ended December 31, 2023, the District recorded sales and use tax revenues of \$191,019, including taxes receivable of \$39,957.

NOTE 6. ECONOMIC DEVELOPMENT LOAN

On April 6, 2018, the District entered into an Agreement with Complete Healthcare Services RHC, PLLC, in the amount of \$50,000 to fund the purchase of equipment for a rural clinic opening within the District's boundaries. Principal and interest payments of \$943.56 were due each month beginning May 6, 2018 and ending April 6, 2023. The note accrued interest at a rate of 5%. During the current fiscal year the principal balance of \$3,733 was repaid in full.

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JASPER COUNTY DEVELOPMENT DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

**JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Hotel Occupancy Taxes	\$ 125,000	\$ 146,805	\$ 21,805
Sales and Use Taxes	165,000	191,019	26,019
Miscellaneous Revenues	1,300	7,516	6,216
TOTAL REVENUES	\$ 291,300	\$ 345,340	\$ 54,040
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 8,000	\$ 7,535	\$ 465
Contracted Services	1,200	2,104	(904)
Other	2,350	2,941	(591)
Economic Development	279,750	308,898	(29,148)
TOTAL EXPENDITURES	\$ 291,300	\$ 321,478	\$ (30,178)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -0-	\$ 23,862	\$ 23,862
OTHER FINANCING SOURCES (USES)			
Note Repayments	\$ -0-	\$ 3,774	\$ 3,774
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 27,636	\$ 27,636
FUND BALANCE - JANUARY 1, 2023	338,469	338,469	
FUND BALANCE - DECEMBER 31, 2023	\$ 338,469	\$ 366,105	\$ 27,636

See accompanying independent auditor's report.

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JASPER COUNTY DEVELOPMENT DISTRICT NO. 1

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2023

PROFESSIONAL FEES:	
Auditing	\$ 5,000
Legal	<u>2,535</u>
TOTAL PROFESSIONAL FEES	<u>\$ 7,535</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 2,104</u>
ADMINISTRATIVE EXPENDITURES:	
Insurance	\$ 1,263
Membership Dues	675
Office Supplies and Postage	741
Travel and Meetings	<u>262</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 2,941</u>
ECONOMIC DEVELOPMENT	<u>\$ 308,898</u>
TOTAL EXPENDITURES	<u>\$ 321,478</u>

See accompanying independent auditor's report.

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JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
INVESTMENTS
DECEMBER 31, 2023

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	<u>\$ 172,214</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Hotel Occupancy Taxes	\$ 146,805	\$ 135,946	\$ 115,044
Sales and Use Taxes	191,019	167,204	135,282
Miscellaneous Revenues	7,516	1,463	239
TOTAL REVENUES	\$ 345,340	\$ 304,613	\$ 250,565
EXPENDITURES			
Professional Fees	\$ 7,535	\$ 6,002	\$ 7,002
Contracted Services	2,104	1,294	866
Other	2,941	1,625	1,328
Economic Development	308,898	254,328	242,625
TOTAL EXPENDITURES	\$ 321,478	\$ 263,249	\$ 251,821
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 23,862	\$ 41,364	\$ (1,256)
OTHER FINANCING SOURCES (USES)			
Loan Repayment	\$ 3,774	\$ 11,323	\$ 11,323
NET CHANGE IN FUND BALANCE	\$ 27,636	\$ 52,687	\$ 10,067
BEGINNING FUND BALANCE	338,469	285,782	275,715
ENDING FUND BALANCE	\$ 366,105	\$ 338,469	\$ 285,782

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 119,329	\$ 100,730	42.5 %	44.6 %	45.9 %	54.7 %	55.2 %
97,913	79,687	55.3	54.8	54.0	45.0	43.7
567	1,918	2.2	0.6	0.1	0.3	1.1
<u>\$ 217,809</u>	<u>\$ 182,335</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 10,884	\$ 5,691	2.2 %	2.0 %	2.8 %	5.0 %	3.1 %
1,993	192	0.6	0.4	0.3	0.9	0.1
2,144	1,744	0.9	0.5	0.5	1.0	1.1
<u>170,596</u>	<u>212,920</u>	<u>89.4</u>	<u>83.4</u>	<u>96.8</u>	<u>78.3</u>	<u>116.8</u>
<u>\$ 185,617</u>	<u>\$ 220,547</u>	<u>93.1 %</u>	<u>86.3 %</u>	<u>100.4 %</u>	<u>85.2 %</u>	<u>121.1 %</u>
<u>\$ 32,192</u>	<u>\$ (38,212)</u>	<u>6.9 %</u>	<u>13.7 %</u>	<u>(0.4) %</u>	<u>14.8 %</u>	<u>(21.1) %</u>
<u>\$ 11,323</u>	<u>\$ 11,323</u>					
\$ 43,515	\$ (26,889)					
<u>232,200</u>	<u>259,089</u>					
<u>\$ 275,715</u>	<u>\$ 232,200</u>					

See accompanying independent auditor's report.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2023

District Mailing Address - Jasper County Development District No. 1
c/o Skelton Slusher Barnhill Watkins Wells PLLC
1616 South Chestnut
Lufkin, TX 75901

District Telephone Number - (936) 632-2300

Board Members	<u>Term of Office</u>	<u>Fees of Office for the year ended December 31, 2023</u>	<u>Expense Reimbursements for the year ended December 31, 2023</u>	<u>Title</u>
Brent Meaux	2021-2025 (Appointed)	\$ -0-	\$ -0-	President
Randall Dally	2021-2025 (Appointed)	\$ -0-	\$ -0-	Vice-President
Lisa Wise	2021-2025 (Appointed)	\$ -0-	\$ -0-	Secretary
Jimmy Castino	2023-2027 (Appointed)	\$ -0-	\$ -0-	Director
Ray Beck	2023-2027 (Appointed)	\$ -0-	\$ -0-	Director

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

See accompanying independent auditor's report.

JASPER COUNTY DEVELOPMENT DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2023</u>	<u>Title</u>
Skelton Slusher Barnhill Watkins Wells PLLC	06/17/08	\$ 2,535	Attorney
McCall Gibson Swedlund Barfoot PLLC	08/15/06	\$ 5,000	Auditor
Phyllis M. Smith Herbst, CPA	11/17/05	\$ 2,104 \$ -0-	Bookkeeper/ Investment Officer

See accompanying independent auditor's report.

