



KAUFMAN
C O U N T Y

TEXAS

Annual Financial Report

For the Fiscal Year Ended
September 30, 2022

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2022

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2022

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FINANCIAL SECTION

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KAUFMAN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2022

Commissioners' Court:

County Judge	Mr. Jakie Allen
Commissioner of Precinct #1	Mr. Mike Hunt
Commissioner of Precinct #2	Mr. Williams Phillips
Commissioner of Precinct #3	Mr. Terry Barber
Commissioner of Precinct #4	Mr. Tommy Moore

Justices of the Peace:

Precinct #1	Ms. Mary Bardin
Precinct #2	Ms. Amy Tarno
Precinct #3	Mr. Rhett Jackson
Precinct #4	Mr. Johnny Adams

Constables:

Precinct #1	Mr. Shawn Mayfield
Precinct #2	Mr. Jason Johnson
Precinct #3	Mr. Matthew Woodall
Precinct #4	Ms. Vanessa Brooks

86th Judicial District of the State of Texas:

District Judge	Mr. Casey Blair
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KAUFMAN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2022

422nd Judicial District of the State of Texas:

District Judge	Mr. Shelton Gibbs
Criminal District Attorney	Ms. Erleigh Norville-Wiley
District Clerk	Ms. Rhonda Hughey
County Auditor	Ms. Karen MacLeod
Chief Adult Probation Officer	Mr. Lance Washburn
Chief Juvenile Probation Officer	Mr. Trenis Ramsey

Officials of Kaufman County:

County Court-at-law Judge	Ms. Tracy Gray
County Court-at-law Judge #2	Mr. Bobby Rich
County Clerk	Ms. Laura Hughes
County Sheriff	Mr. Bryan Beavers
County Tax Assessor-Collector	Ms. Teressa Floyd
County Treasurer	Mr. Chuck Mohnkern
County Veterans Service Officer	Mr. Robert Hunter
County Health Officer	Dr. Ben Brashear
Indigent Health Care Officer	Ms. Desiree Pool
Public Works Coordinator	Ms. Monique Hunter
Emergency Management Coordinator	Mr. Steve Howie
Fire Marshall	Mr. Paul Ayres
Purchasing Agent	Mr. Jack Sebastian

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Members of the Commissioners, Court
Kaufman, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kaufman County, Texas (the "County") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Kaufman County, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2022 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 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 management's discussion and analysis, budgetary comparison information for the General Fund, Road and Bridge Fund, and pension and OPEB information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 29, 2023

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of Kaufman County (the "County") for the fiscal year ended September 30, 2022. This analysis is designed to focus on current activities, resulting changes and currently known facts. Please consider the information presented here, in conjunction with the financial statements and related footnotes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at the close of the year by \$7,387,618. The balance of unrestricted net position at year end was \$(54,268,132).
- Total net position increased by \$22,187,349 due to operations.
- As of the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$116,203,049, a decrease of \$2,249,910 from the previous year. The decrease was primarily due to infrastructure and environmental spending from bond proceeds.
- The unassigned fund balance in the General Fund of \$13,948,123 is available for spending at the County's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Kaufman County, Texas' basic financial statements. The financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information.

Government-wide financial statements. These statements are designed to provide readers with 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 of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as *net position*. Over time, increases and decreases may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government, public safety and highways and streets.

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 purposes of objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, General Road and Bridge Fund, the Construction Projects Fund, the American Rescue Plan Fund, and the Debt Service Fund all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The County adopts annual appropriated budgets for its General, General Road and Bridge, and Debt Service Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with those budgets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Required supplementary information. Required supplementary information is in addition to the basic financial statements and accompanying notes and presents budgetary comparison schedules, which includes the original and final amended budget and actual figures, schedule of changes in net pension liability and related ratios, schedule of employer contributions to the Texas County and District Retirement System, and a funding progress schedule for the County's retiree health plan and group term life plan through TCDRS.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of Kaufman County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,387,618 as of September 30, 2022.

The County's investment in capital assets (e.g., land, infrastructure, machinery and equipment and furniture and fixtures), less its related debt is a large portion of net position. These assets are used 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 the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets increased \$58,194,569 (net) while current and other assets decreased \$17,035,303. Cash and investment balances increased \$109,590,160. Long-term liabilities increased from the prior year by \$32,418,302. The predominant reason for the change in liabilities is the issuance of bonds and lease obligations, the decrease of the net pension liability of \$5,712,354, and the payment of current year debt service obligations.

Governmental activities. Governmental activities increased the County's net position by \$22,187,349. The increase from the prior year is primarily due to a decrease in expenditures in the health and human services function.

**Table – 1
Kaufman County, Texas’ Net Position**

	Governmental Activities	
	2022	2021
ASSETS		
Current and other assets	\$ 169,409,173	\$ 152,373,870
Capital assets	<u>110,304,900</u>	<u>52,110,331</u>
Total assets	<u>279,714,073</u>	<u>204,484,201</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	1,630,519	1,800,694
Deferred outflow of resources related to pensions and OPEBs	<u>7,480,503</u>	<u>8,937,830</u>
Total deferred outflows of resources	<u>9,111,022</u>	<u>10,738,524</u>
LIABILITIES		
Long-term liabilities	232,971,857	200,553,555
Other liabilities	<u>31,459,986</u>	<u>22,896,412</u>
Total liabilities	<u>264,431,843</u>	<u>223,449,967</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions and OPEBs	<u>17,005,634</u>	<u>6,572,489</u>
Total deferred outflows of resources	<u>17,005,634</u>	<u>6,572,489</u>
NET POSITION		
Net investment in capital assets	48,145,043	6,201,040
Restricted	13,510,707	10,269,594
Unrestricted	(54,268,132)	(31,270,365)
Total net position	<u>\$ 7,387,618</u>	<u>\$ (14,799,731)</u>

**Table – 2
Kaufman County, Texas’ Changes in Net Position**

	Governmental Activities	
	2022	2021
REVENUES		
General revenues:		
Property taxes	\$ 67,296,395	\$ 63,621,153
Charges for services	13,877,721	12,763,292
Operating grants and contributions	8,396,725	3,404,752
Investment income	985,654	222,532
Miscellaneous	564,965	598,476
Gain on disposal of capital assets	<u>3,685,505</u>	<u>204,561</u>
Total revenues	<u>94,806,965</u>	<u>80,814,766</u>
EXPENSES		
General government	17,592,713	14,044,640
Public safety and corrections	27,542,390	28,283,340
Judicial	8,808,697	8,934,690
Community service	818,495	769,795
Infrastructure and environmental services	11,375,026	18,684,364
Health and human services	615,901	3,246,605
Interest and fiscal charges	<u>5,866,394</u>	<u>5,292,604</u>
Total expenses	<u>72,619,616</u>	<u>79,256,038</u>
CHANGE IN NET POSITION	<u>22,187,349</u>	<u>1,558,728</u>
NET POSITION, BEGINNING	(14,799,731)	(16,358,459)
NET POSITION, ENDING	<u>\$ 7,387,618</u>	<u>\$ (14,799,731)</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Kaufman County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

The General Fund is the chief operating fund of Kaufman County. At the end of the year, unassigned total fund balance of the General Fund was \$13,948,123. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned total fund balance represents 24% of total General Fund expenditures.

The fund balance of the General Fund increased by \$3,263,383 during the fiscal year. The main factor in the increase was due to the proceeds of the selling of land held by the County,

The General Road and Bridge Fund had an ending fund balance of \$6,233,132. This fund includes the General Road and Bridge Fund as well as the four individual precinct road and bridge funds. Fund balance increased in this fund by \$999,503. This increase was due to expenditures exceeding total revenues by \$777,025 offset, in part, by the sale of capital assets of \$152,172.

The Construction Projects Fund had an ending fund balance of \$83,798,743 which is a decrease of \$7,698,191. The County spent \$47,782,348 in this fund during the year. The decrease is primarily due to the issuance of facilities bonds in this fund.

The Debt Service Fund had an ending fund balance of \$3,370,071, and increase of \$100,995 from prior year. The increase was mostly attributed to the increase in property tax revenues in the fund.

The American Rescue Plan Act Fund had an ending fund balance of \$18,056, an increase of \$15,947 from prior year. The increase was mostly attributed to the increase in intergovernmental revenues in the fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

County departments are actively involved in fee-producing activities and collecting outstanding account receivables. Continuous monitoring of departmental expenditures, implementation of a new purchasing policy and conversion to new financial software has aided in controlling expenditures.

- Due to the County's lower than desired fund balance at the end of FY 2013, efforts to control funds were implemented. The County has remained under budgeted expenditures through close adherence to the adopted budget and to County-wide financial policies. Each year since 2014, Kaufman County has increased the General Fund Balance. The recommended amount of at least three to four months of operating expenditures in the event of an emergency situation.
- 99.0% of budgeted Revenues were collected, and 90.0% of budgeted Expenditures were spent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Kaufman County's investment in capital assets for its governmental activities as of fiscal year-end was \$110,304,900 (net of accumulated depreciation), an increase of \$58,194,569 from the prior year. The increase primarily resulted from the purchase of significant machinery and equipment. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, roads, bridges and office furniture and equipment.

**Table 3
Kaufman County, Texas' Capital Assets**

	Governmental Activities	
	2022	2021
Land	\$ 2,371,395	\$ 2,371,395
Construction in progress	72,120,179	23,303,496
Public monuments	712,736	712,736
Buildings and improvements	30,625,024	30,774,024
Infrastructure	21,645,834	11,740,765
Machinery and equipment	28,959,771	29,788,858
Right to use - Land	10,000	-
Right to use - machinery & equipment	4,806,643	-
Right to use - buildings	473,278	-
	<u>161,724,860</u>	<u>98,691,274</u>
Less: accumulated depreciation	(51,419,960)	(46,580,943)
Total capital assets, net	<u>\$ 110,304,900</u>	<u>\$ 52,110,331</u>

Long-term Debt. At the end of the fiscal year, the County had total debt outstanding of \$217,745,766, which is an increase of \$40,520,586 from the prior year.

**Table 4
Kaufman County, Texas' Outstanding Debt**

	Governmental Activities	
	2022	2021
General obligation refunding bonds	\$ -	\$ 1,720,000
Unlimited tax road bonds	113,768,850	78,328,850
Unlimited tax refunding bonds	27,675,000	27,730,000
Limited tax road bonds	41,660,000	41,960,000
Accreted interest	478,099	413,729
Bond premiums	27,424,730	25,224,861
Leases	4,172,300	-
Financing Arrangements	758,300	-
Compensated absences	<u>1,808,487</u>	<u>1,847,740</u>
Total Outstanding Debt	<u>\$ 217,745,766</u>	<u>\$ 177,225,180</u>

State statutes limit the amount of general obligation debt that a county may issue to 5% of its total assessed valuation. The current debt limit for Kaufman County is \$491,143,732 which is significantly in excess of the County's outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors currently affect the County of Kaufman, Texas, and were considered in developing the 2022-2023 fiscal year budgets:

- As of September 2022, the unemployment rate for Kaufman County was 3.60%, which is the same as the rate of 3.60% in September 2021.
- The Kaufman County population is currently estimated to be 172,366, which is a 26.59% increase from the 2010 census. This information was compiled by the Texas Association of Counties. Kaufman County is on a growth pattern and new developments are happening in all areas of our County.
- In 2014, Kaufman County voters approved a \$56 million bond issue, all of which was fully issued by September 2017. These bonds continue to be used to improve the road infrastructure with interconnecting roads throughout the County and the metropolitan Dallas/Fort Worth areas.

- In 2020, Kaufman County issued a refunding bond of these 2014 bonds for the purpose of interest savings. The County will realize \$235K annual savings per year and an estimated total savings over the life of the bond in the amount of \$3.29 million.
- Beginning in 2018, Kaufman County began receiving Pass-Through Toll revenue as a result of partnering with entities such as Texas Department of Transportation on specific Road Bond projects. These additional revenues are being used on county roads.
- Property values continue to reflect increases, which is a recent trend in Kaufman County. Additionally, residential and industrial developments are on the rise county wide, further increasing taxable assessed values for the county.
- Interest rates have continued to increase and allowing Kaufman County to take advantage of additional investment revenues. The investment opportunities have opened the County's portfolio for safeguarding the County's assets regarding investments.
- Kaufman County's 2014 contract for the housing of Federal Inmates at the County's Law Enforcement Center continues to generate additional revenues and the original contract was extended with additional cost increase.
- In 2019, Kaufman County voters approved two bond issues, \$104 million for transportation purposes and \$50 million for facilities improvements. The transportation bond issue will continue to be used to improve the road infrastructure with interconnecting roads throughout the County and the metropolitan Dallas/Fort Worth areas. The facilities bond issue will be used to build a new Justice Center, Animal Shelter and improvements to other County facilities in the future.
- In 2023, Kaufman County opened the Kaufman County Pet Adoption Center and the new Justice Center, and the involved departments were relocated for Citizens' convenience. Both buildings are now located on US 175 in Kaufman, Texas near the Law Enforcement Center.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Kaufman County, Texas finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's office, 100 N. Washington, Kaufman, Texas 75142.

**BASIC
FINANCIAL STATEMENTS**

KAUFMAN COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 145,016,741
Taxes receivable, net of allowance for uncollectibles	1,836,974
Accounts receivable	1,967,308
Due from other governments	10,665,295
Prepaid expenses	205,791
Net pension asset	9,717,064
Capital assets:	
Nondepreciable	75,204,310
Depreciable, net	<u>35,100,590</u>
Total assets	<u>279,714,073</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	1,630,519
Deferred outflow of resources related to pensions	6,135,683
Deferred outflow of resources related to OPEB - GTL	329,200
Deferred outflow of resources related to OPEB - retiree health plan	<u>1,015,620</u>
Total deferred outflows of resources	<u>9,111,022</u>
LIABILITIES	
Accounts payable	7,476,381
Accrued liabilities	1,227,404
Due to other governments	205,856
Unearned revenue	21,574,962
Accrued interest	975,383
Long-term liabilities:	
Due within one year	
Long-term debt	5,308,802
Total OPEB liability - GTL	34,092
Total OPEB liability - retiree health plan	452,568
Due in more than one year	
Long-term debt	212,436,964
Total OPEB liability - GTL	1,571,930
Total OPEB liability - retiree health plan	<u>13,167,501</u>
Total liabilities	<u>264,431,843</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	14,710,937
Deferred inflows of resources related to OPEB - GTL	60,049
Deferred inflow of resources related to OPEB - retiree health plan	<u>2,234,648</u>
Total deferred outflows of resources	<u>17,005,634</u>
NET POSITION	
Net investment in capital assets	48,145,043
Restricted:	
Road and bridge projects	6,483,734
Public safety	663,377
Judicial	445,145
Fire code enforcement	968,497
Historical preservation	37,130
Records management and preservation	1,790,566
Court technology and security	490,399
Debt service	2,579,784
Other purposes	52,075
Unrestricted	<u>(54,268,132)</u>
Total net position	<u>\$ 7,387,618</u>

The accompanying notes are an integral part of these financial statements.

KAUFMAN COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental activities:				
General government	\$ 17,592,713	\$ 7,603,026	\$ 1,751,754	\$(8,237,933)
Public safety and corrections	27,542,390	328,540	1,293,640	(25,920,210)
Judicial	8,808,697	5,152,530	294,115	(3,362,052)
Community services	818,495	82,695	233,090	(502,710)
Infrastructure and environmental	11,375,026	710,930	50,199	(10,613,897)
Health and human services	615,901	-	4,773,927	4,158,026
Interest and fiscal charges	5,866,394	-	-	(5,866,394)
Total governmental activities	<u>72,619,616</u>	<u>13,877,721</u>	<u>8,396,725</u>	<u>(50,345,170)</u>
 Total primary government	 \$ <u>72,619,616</u>	 \$ <u>13,877,721</u>	 \$ <u>8,396,725</u>	 (50,345,170)
General revenues:				
Property taxes				67,296,395
Investment income				985,654
Gain on disposal of capital assets				3,685,505
Miscellaneous				<u>564,965</u>
Total general revenues				<u>72,532,519</u>
Change in net position				22,187,349
Net position, beginning				(14,799,731)
Net position, ending				\$ <u>7,387,618</u>

The accompanying notes are an integral part of these financial statements.

KAUFMAN COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>General</u>	<u>General Road and Bridge</u>	<u>Construction Projects</u>
ASSETS			
Cash and cash equivalents	\$ 19,071,837	\$ 7,307,731	\$ 87,844,202
Receivables:			
Taxes	1,318,396	296,058	-
Accounts	1,925,001	42,307	-
Due from other governments	824,134	9,765,883	-
Due from other funds	385,000	-	-
Prepaid items	<u>205,791</u>	<u>-</u>	<u>-</u>
Total assets	<u>23,730,159</u>	<u>17,411,979</u>	<u>87,844,202</u>
LIABILITIES			
Accounts payable	1,376,186	696,966	4,045,459
Accrued liabilities	991,326	80,397	-
Due to other governments	205,856	-	-
Due to other funds	-	385,000	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,573,368</u>	<u>1,162,363</u>	<u>4,045,459</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>2,802,877</u>	<u>10,016,484</u>	<u>-</u>
Total deferred inflows of resources	<u>2,802,877</u>	<u>10,016,484</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepaid items	205,791	-	-
Restricted			
Road and bridge projects	-	6,233,132	83,798,743
Public safety	-	-	-
Judicial	-	-	-
Fire code enforcement	-	-	-
Historical preservation	-	-	-
Records management and preservation	-	-	-
Court technology and security	-	-	-
Debt service	-	-	-
Other purposes	-	-	-
Subsequent year's budget	4,200,000	-	-
Unassigned	<u>13,948,123</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>18,353,914</u>	<u>6,233,132</u>	<u>83,798,743</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 23,730,159</u>	 <u>\$ 17,411,979</u>	 <u>\$ 87,844,202</u>

The accompanying notes are an integral part of these financial statements.

Debt Service	American Rescue Plan Act (ARPA) Fund	Other Nonmajor Governmental	Total Governmental Funds
\$ 3,343,897	\$ 22,802,925	\$ 4,646,149	\$ 145,016,741
222,520	-	-	1,836,974
-	-	-	1,967,308
-	-	75,278	10,665,295
-	-	-	385,000
-	-	-	205,791
<u>3,566,417</u>	<u>22,802,925</u>	<u>4,721,427</u>	<u>160,077,109</u>
11,250	1,215,608	130,912	7,476,381
-	-	155,681	1,227,404
-	-	-	205,856
-	-	-	385,000
-	21,569,261	5,701	21,574,962
<u>11,250</u>	<u>22,784,869</u>	<u>292,294</u>	<u>30,869,603</u>
185,096	-	-	13,004,457
<u>185,096</u>	<u>-</u>	<u>-</u>	<u>13,004,457</u>
-	-	-	205,791
-	-	-	90,031,875
-	18,056	645,321	663,377
-	-	445,145	445,145
-	-	968,497	968,497
-	-	37,130	37,130
-	-	1,790,566	1,790,566
-	-	490,399	490,399
3,370,071	-	-	3,370,071
-	-	52,075	52,075
-	-	-	4,200,000
-	-	-	13,948,123
<u>3,370,071</u>	<u>18,056</u>	<u>4,429,133</u>	<u>116,203,049</u>
<u>\$ 3,566,417</u>	<u>\$ 22,802,925</u>	<u>\$ 4,721,427</u>	<u>\$ 160,077,109</u>

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KAUFMAN COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

Fund balances - governmental funds \$ 116,203,049

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:

Governmental capital assets	161,724,860
Less: accumulated depreciation	(51,419,960)

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay current year's expenditures and therefore are not reported in the governmental funds.

Property taxes	1,554,654
Court fines	1,683,921
Interlocal agreements	9,765,882

Certain long-term liabilities reported in governmental activities do not require current financial resources and therefore are not reported in the governmental funds balance sheet.

Total OPEB obligation - GTL	(1,606,022)
Total OPEB obligation - retiree health plan	(13,620,069)
Compensated absences	(1,808,487)
Net pension asset	9,717,064

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(215,937,279)

Certain deferred inflows and deferred outflows of resources are only reported in the government-wide financial statements:

Deferred outflows of resources:	
Related to pensions	6,135,683
Deferred loss on bond refunding	1,630,519
Related to OPEB - GTL	329,200
Related to OPEB - retiree health plan	1,015,620
Deferred inflows of resources:	
Related to pensions	(14,710,937)
Related to OPEB - GTL	(60,049)
Related to OPEB - retiree health plan	(2,234,648)

Interest payable used in the County's governmental activities are not payable from current resources and therefore are not reported in the governmental funds.

(975,383)

Net position of governmental activities \$ 7,387,618

KAUFMAN COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>General Road and Bridge</u>	<u>Construction Projects</u>
REVENUES			
Property taxes	\$ 45,089,425	\$ 11,572,865	\$ -
Mixed beverage taxes	234,728	-	-
License and permits	142,693	-	-
Fees of office	4,804,912	3,357,003	-
Charges for services	967,164	275,945	-
Forfeitures	-	-	-
Intergovernmental	4,906,382	379,474	-
Investment income	205,113	43,590	707,810
Miscellaneous	<u>283,505</u>	<u>274,152</u>	<u>-</u>
Total revenues	<u>56,633,922</u>	<u>15,903,029</u>	<u>707,810</u>
EXPENDITURES			
General government	14,792,370	-	-
Public safety and corrections	26,490,421	-	-
Judicial	8,964,735	-	-
Community services	833,127	-	-
Infrastructure and environmental	2,046,650	13,335,562	47,355,934
Health and human service	618,784	-	-
Capital outlay	2,796,628	1,178,566	-
Debt service:			
Principal	1,117,341	577,256	-
Interest and fiscal charges	13,455	34,620	500
Issuance costs	<u>-</u>	<u>-</u>	<u>425,914</u>
Total expenditures	<u>57,673,511</u>	<u>15,126,004</u>	<u>47,782,348</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,039,589)</u>	<u>777,025</u>	<u>(47,074,538)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	4,197,647	152,172	-
Insurance recoveries	101,038	16,763	-
Issuance of debt	-	-	36,385,000
Premium on issuance of debt	-	-	3,444,324
Transfers in	58,809	53,543	-
Transfers out	(1,385,719)	-	(452,977)
Issuance of leases	<u>1,331,197</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,302,972</u>	<u>222,478</u>	<u>39,376,347</u>
NET CHANGE IN FUND BALANCES	3,263,383	999,503	(7,698,191)
FUND BALANCES, BEGINNING	<u>15,090,531</u>	<u>5,233,629</u>	<u>91,496,934</u>
FUND BALANCES, ENDING	\$ <u>18,353,914</u>	\$ <u>6,233,132</u>	\$ <u>83,798,743</u>

Debt Service	American Rescue Plan Act (ARPA) Fund	Other Nonmajor Governmental	Total Governmental Funds
\$ 9,947,008	\$ -	\$ -	\$ 66,609,298
-	-	-	234,728
-	-	508,692	651,385
-	-	1,497,868	9,659,783
-	-	46,535	1,289,644
-	-	225,673	225,673
-	4,711,251	786,897	10,784,004
11,185	15,948	2,008	985,654
-	-	7,418	565,075
<u>9,958,193</u>	<u>4,727,199</u>	<u>3,075,091</u>	<u>91,005,244</u>
-	142,931	978,982	15,914,283
-	4,568,321	1,965,027	33,023,769
-	-	266,487	9,231,222
-	-	-	833,127
-	-	69,092	62,807,238
-	-	-	618,784
-	-	417	3,975,611
3,020,000	-	-	4,714,597
7,290,175	-	-	7,338,750
-	-	-	425,914
<u>10,310,175</u>	<u>4,711,252</u>	<u>3,280,005</u>	<u>138,883,295</u>
(351,982)	15,947	(204,914)	(47,878,051)
-	-	-	4,349,819
-	-	-	117,801
-	-	-	36,385,000
-	-	-	3,444,324
452,977	-	1,385,719	1,951,048
-	-	(112,352)	(1,951,048)
-	-	-	1,331,197
<u>452,977</u>	<u>-</u>	<u>1,273,367</u>	<u>45,628,141</u>
100,995	15,947	1,068,453	(2,249,910)
<u>3,269,076</u>	<u>2,109</u>	<u>3,360,680</u>	<u>118,452,959</u>
\$ <u>3,370,071</u>	\$ <u>18,056</u>	\$ <u>4,429,133</u>	\$ <u>116,203,049</u>

The accompanying notes are an integral part of these financial statements.

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KAUFMAN 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: \$(2,249,910)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost and accumulated depreciation of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets 63,127,381
Less: current year depreciation (5,960,906)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (782,115)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes 452,369
Court fines 43,321
Interlocal agreements (379,474)

The issuance of long-term debt (e.g., certificates of obligation, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt is an expenditure in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt (39,829,136)
Issuance of leases (1,331,197)
Repayment of long-term liabilities 4,714,597
Amortization of:
Deferred loss on bond refunding (170,175)
Premium on bond issuance 1,244,456

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accreted interest (64,370)
Compensated absences 39,252
Total OPEB liability - GTL (126,381)
Total OPEB liability - retiree health plan (680,236)
Net pension asset 3,251,514

Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.

888,359

Change in net position of governmental activities \$ 22,187,349

KAUFMAN COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 13,779,236
Accounts receivable	<u>61,753</u>
Total assets	<u>13,840,989</u>
LIABILITIES	
Accounts payable	<u>1,192,849</u>
Total liabilities	<u>1,192,849</u>
NET POSITION	
Restricted for:	
Pool participants	7,962,780
Individuals and organizations	<u>4,685,360</u>
Total net position	<u>\$ 12,648,140</u>

KAUFMAN COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Custodial Funds
INCREASES	
Contributions from judgements	\$ 9,201,038
Bonds received	580
Court fees	1,746,322
Deposits held	3,447,531
Operational revenues	590,191
Taxes collected on behalf of taxing entities	403,148,305
Interest income	12,033
Probation revenues	<u>1,602,922</u>
Total increases	<u>419,748,922</u>
DECREASES	
Collections distributed	2,461,083
Deposits returned	2,734,325
Disbursements to beneficiaries	4,869,368
Taxes disbursed to taxing entities	400,513,219
Operational expenses	<u>2,653,416</u>
Total decreases	<u>413,231,411</u>
Net increase (decrease) in fiduciary net position	6,517,511
Net position - beginning	<u>6,130,629</u>
Net position - ending	\$ <u>12,648,140</u>

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KAUFMAN COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kaufman County, Texas was incorporated in 1849 as a public corporation and political subdivision of the State of Texas. The Commissioners' Court is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services, among others, as authorized by the statutes of the State of Texas: general administration (Commissioners' Court, County Judge and County Clerk); judicial (Courts, District Clerk and Juries); legal (prosecutors, investigators and outside counsel); financial administration (County Auditor, Treasurer and Tax Assessor-Collector); public safety (Sheriff and other law enforcement officials); roads and bridges; assistance to indigent residents; and County libraries. The financial statements of Kaufman County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units.

A. Reporting Entity

In determining the financial reporting entity, Kaufman County, Texas complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34.*" Under this standard, the County has no component units which are required to be reported, discretely or blended, in combination with the primary government.

B. 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 of the activities of the primary government. For the most part, the effect of interfund activity has 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Major governmental funds reported by the County are:

General Fund – The General Fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, fees, fines and forfeitures, intergovernmental revenue, and income derived from investment of available funds. Primary expenditures are for administrative, judicial and legal services and public safety.

General Road and Bridge Fund – The General Road and Bridge Fund accounts for resources used in the construction and maintenance of County roads and bridges. This fund also finances the activities of the County's four road and bridge precinct funds.

Construction Projects Fund – The Construction Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and for road construction projects belonging to other entities within the County.

Debt Service Fund – The Debt Service Fund accounts for property tax revenues levied for the purpose of covering annual principal and interest expenditures for the County's bonds.

American Rescue Plan Act (ARPA) Fund – The ARPA fund accounts for stimulus funds received under the Coronavirus State and Local Fiscal Recovery Fund, funding which was made available by the American Recovery Plan Act.

Nonmajor funds include Special Revenue Funds and Capital Projects Funds.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and custodial funds.

D. Assets, Liabilities, and Net Position or Equity

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse September 30, and encumbrances at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments. From time to time, the County invests its available funds in time deposits and other short-term, interest-bearing securities. Time deposits and securities having a maturity date of three months or less from the date of issuance are classified as cash equivalents, while those with a maturity of more than three months are classified as investments. Investments for the County are reported at fair value, except for the position in investment pools.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses on the government-wide financial statements and fund financial statements. The fund financial statements are offset by nonspendable fund balance which indicates they do not represent "available spendable resources."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than an adopted threshold and an estimated useful life in excess of one year. The thresholds adopted by the Commissioners' Court are as follows:

Land and land improvements	Capitalize all
Infrastructure	\$ 100,000
Buildings and building improvements	50,000
Furniture and equipment	5,000
Right-to-use equipment	5,000
Monuments	Capitalize all

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

Property, plant and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	10 - 30 years
Furniture and equipment	3 - 15 years
Right-to-use furniture and equipment	3 - 15 years
Vehicles	5 - 10 years
Right-to-use vehicles	5 - 10 years
Infrastructure	20 - 50 years

Items Capitalized but not Depreciated

The County possesses certain capital assets that have been capitalized and not depreciated. These items are held for public exhibition and education rather than financial gain. They are also protected, kept unencumbered, cared for and preserved. Therefore, these items meet the criteria to be capitalized. These monuments and historical structures are deemed inexhaustible and are therefore not depreciated.

Compensated Absences

The County's permanent, fulltime employees with less than 8 years of service accrue 6.67 hours of vacation per month; those with 8 - 19 years of service accrue 10 hours per month; and those with service of 20 years or greater accrue 13.33 hours per month.

The County's permanent, fulltime employees accrue sick leave at the rate of 8 hours per month to a maximum 120 hours (90 days). Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who leaves the County's employment for any reason other than retirement receives no compensation for accrued sick leave. Retiring employees who have at least 20 years of service are entitled to payment for up to 30 days of accrued sick leave, and the accrual is included in the government-wide financial statements.

Leases

The County is a lessee for noncancellable leases of equipment, buildings and land. The County recognizes a lease liability and an intangible right - to - use lease asset (lease asset) 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 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 purchase option price that the County is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Long-term Obligations

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

Pensions

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

Other Post-Employment Benefits

TCDRS Group Term Life Fund. The County participates in the Texas County & District Group Term Life Fund (TCDRS GTLF), which is an optional single-employer defined benefit life insurance plan that is administered by TCDRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating entity as a percentage of that County's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the GTLF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a report prepared by a consulting actuary.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The County levies taxes on or before the following September 30. They are due on October 1 and are delinquent after January 31.

Collections of property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor-Collector's Agency Fund. Tax collections made for the County are distributed to the General, Road and Bridge General Funds, and Debt Service Fund on a periodic basis throughout each month. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The combined tax rate for the year ended September 30, 2022, was \$.4616 per \$100 and was allocated as follows:

General Fund	\$ 0.3111
Debt Service Fund	0.0689
General Road and Bridge Fund	<u>0.0812</u>
Total	<u>\$ 0.4612</u>

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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 the following items that qualify for reporting in this category:

- Deferred losses on debt refunding in the government-wide Statement of Net Position results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after the measurement date are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions are deferred and recognized over the average remaining service lives of all members determined as of the measurement date.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.

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, deferred inflows of resources, represents an acquisition of net assets or fund balance 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 the following items that qualify for reporting in this category.

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.
- In the statement of net position, the difference in projected and actual earnings on pension assets is deferred and amortized over a closed five-year period.

Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	General Road and Bridge	Debt Service	Total
Property taxes	\$ 1,118,956	\$ 246,934	\$ 159,833	\$ 1,525,723
Court fines and fees receivable	1,683,921	-	-	1,683,921
Interlocal agreements	-	9,765,882	-	9,765,882
Total	\$ 2,802,877	\$ 10,012,816	\$ 159,833	\$ 12,975,526

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent is determined by the County Judge, with the assistance of the County Auditor and County Attorney, as needed.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted net position, as presented in the government-wide statement of net position, are reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

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 amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

GASB Statement No. 87, Leases, was adopted effective October 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The cash and investment policies of the County are governed by state statutes, Section 116.112 of the Local Government Code and Government Code Chapter 2256, Subchapters A and B. The County's policies governing bank deposits require depositories to be FDIC insured institutions and to fully collateralize all deposits in excess of FDIC insured limits.

Cash

All demand and time deposits were entirely covered by FDIC insurance or by collateral held by the County's agent in the County's name. The fair market value for cash is not materially different from reported amounts.

Investments

Legal provisions generally permit the County to invest in certificates of deposit, fully collateralized repurchase agreements, public funds, investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, commercial paper, and other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions 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.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

During the year ended September 30, 2022, all of the County's investments were invested with the State of Texas Local Government Investment Pool (TexPool), which is a public funds investment pool created by the Treasurer of the State of Texas. TexPool acts as custodian of investments purchased with local investment funds. TexPool acts as custodian of investments purchased with local investment funds. TexPool investments are stated at amortized cost, which in most cases approximates the market value of the shares.

Texas Class and TexPool Prime have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Texas CLASS	\$ 64,940,840	31	AAAm
TexPool Prime	<u>41,410,551</u>	14	AAAm
Portfolio weighted average maturity	<u>\$ 106,351,391</u>	23	

Credit Risk – Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The County has limited credit risk in conformance to state statutes and County ordinance, by investing in only the safest types of securities as permitted by the Public Funds Investment Act, using approved brokers and with different investment pools.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment.

Concentration of Credit Risk – Custodial of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Custodial Credit Risk – Custodial credit risk is the risk for deposits 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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County requires all bank deposits to be collateralized at a level not less than 100% of the total uninsured deposits. At September 30, 2022, the County is fully collateralized.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The County's investment policy does not permit securities listed in foreign denominations. Consequently, the County is not exposed to foreign currency risk.

B. Receivables

Receivables as of year-end for the County, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>General Road and Bridge</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,728,587	\$ 389,550	\$ 292,789	\$ -	\$ 2,410,926
Accounts	241,080	42,307	-	-	283,387
Adjudicated fine receivable	16,839,213	-	-	-	16,839,213
Due from other governments	<u>824,134</u>	<u>9,765,883</u>	<u>-</u>	<u>75,278</u>	<u>10,665,295</u>
Gross receivables	19,633,014	10,197,740	292,789	75,278	30,198,821
Less: allowance for uncollectibles	<u>(15,565,483)</u>	<u>(93,492)</u>	<u>(70,269)</u>	<u>-</u>	<u>(15,729,244)</u>
Net total receivables	<u>\$ 4,067,531</u>	<u>\$ 10,104,248</u>	<u>\$ 222,520</u>	<u>\$ 75,278</u>	<u>\$ 14,469,577</u>

C. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Road and Bridge	\$ <u>385,000</u>
Total		\$ <u><u>385,000</u></u>

D. Capital Assets

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

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,371,395	\$ -	\$ -	\$ 2,371,395
Public monuments	712,736	-	-	712,736
Construction in progress	<u>23,303,496</u>	<u>49,233,143</u>	<u>(416,460)</u>	<u>72,120,179</u>
Total assets not being depreciated	<u>26,387,627</u>	<u>49,233,143</u>	<u>(416,460)</u>	<u>75,204,310</u>
Capital assets, being depreciated:				
Buildings	30,774,024	-	(149,000)	30,625,024
Infrastructure	11,740,765	9,905,069	-	21,645,834
Machinery and equipment	29,788,858	2,657,972	(3,487,058)	28,959,772
Right to use - land	-	10,000	-	10,000
Right to use - machinery and equipment	3,614,543	1,192,099	-	4,806,642
Right to use - buildings	<u>344,180</u>	<u>129,098</u>	<u>-</u>	<u>473,278</u>
Total capital assets being depreciated	<u>76,262,370</u>	<u>13,894,238</u>	<u>(3,636,058)</u>	<u>86,520,550</u>
Less accumulated depreciation:				
Buildings	(18,902,111)	(951,457)	-	(19,853,568)
Infrastructure	(11,406,850)	(368,257)	-	(11,775,107)
Machinery and equipment	(16,271,982)	(3,191,116)	1,121,889	(18,341,209)
Right to use - land	-	(1,250)	-	(1,250)
Right to use - machinery and equipment	-	(1,349,092)	-	(1,349,092)
Right to use - buildings	<u>-</u>	<u>(99,734)</u>	<u>-</u>	<u>(99,734)</u>
Total accumulated depreciation	<u>(46,580,943)</u>	<u>(5,960,906)</u>	<u>1,121,889</u>	<u>(51,419,960)</u>
Total capital assets being depreciated, net	<u>29,681,427</u>	<u>7,933,332</u>	<u>(2,514,169)</u>	<u>35,100,590</u>
Governmental activities capital assets, net	<u>\$ 56,069,054</u>	<u>\$ 57,166,475</u>	<u>\$ (2,930,629)</u>	<u>\$ 110,304,900</u>

Depreciation expense for the year totaled \$5,960,906 and was charged to functions of the government-wide statement of activities as follows:

General government	\$ 2,056,169
Judicial	42,782
Public safety and corrections	1,919,201
Infrastructure and environmental	6,614
Health and human services	2,931
Community services	<u>1,933,209</u>
Total depreciation expense	<u>\$ 5,960,906</u>

E. Long-term Debt

During the year ended September 30, 2022, the following changes occurred in a long-term debt:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation refunding bonds	\$ 1,720,000	\$ -	\$(1,720,000)	\$ -	\$ -
Unlimited tax road bonds	78,328,850	36,385,000	(945,000)	113,768,850	2,696,902
Unlimited tax refunding bonds	27,730,000	-	(55,000)	27,675,000	55,000
Limited tax road bonds	41,960,000	-	(300,000)	41,660,000	335,000
Bond premiums	25,224,862	3,444,324	(1,244,455)	27,424,731	-
Accreted interest on bonds	413,729	64,370	-	478,099	-
Compensated absences	1,847,739	1,766,117	(1,805,371)	1,808,485	271,273
Financing arrangements	1,335,277	-	(576,977)	758,300	462,988
Leases	<u>3,958,724</u>	<u>1,331,197</u>	<u>(1,117,620)</u>	<u>4,172,301</u>	<u>1,487,639</u>
Total governmental activities	<u>\$ 182,519,181</u>	<u>\$ 42,991,008</u>	<u>\$(7,764,423)</u>	<u>\$ 217,745,766</u>	<u>\$ 5,308,802</u>

On June 28, 2012, the County issued \$13,585,000 of general obligation refunding bonds in order to refund previously issued debt. The remaining balance of the general obligation refunding bonds was paid off during fiscal year 2022.

The general obligation bonds held by the County were sold on the open market. The bonds are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

On February 1, 2014, the County issued Unlimited Tax Road Bonds, Series 2014. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On September 1, 2016, the County issued Unlimited Tax Road Bonds, Series 2016. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On August 11, 2020, the County issued Unlimited Tax Refunding Bonds, Series 2020. The proceeds were used to advance refund the outstanding Series 2014 Unlimited Tax Road Bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2014 Unlimited Tax Road Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

On February 9, 2021, the County issued Unlimited Tax Road Bonds, Series 2021. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

The County's Unlimited Tax Road Bonds were both sold on the open market. The bonds are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

The annual requirements for all unlimited tax road bonds outstanding at September 30, 2022, are as follows:

Unlimited Tax Road Bonds

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 2,696,902	\$ 4,812,525	\$ 7,509,427
2024	2,360,000	4,738,425	7,098,425
2025	3,020,000	4,613,700	7,633,700
2026	3,485,000	4,462,100	7,947,100
2027	3,975,000	4,287,875	8,262,875
2028-2032	21,755,000	18,526,575	40,281,575
2033-2037	27,645,000	13,208,250	40,853,250
2038-2042	25,770,000	7,674,900	33,444,900
2043-2047	<u>23,095,000</u>	<u>2,288,650</u>	<u>25,383,650</u>
Subtotal	113,801,902	<u>\$ 64,613,000</u>	<u>\$ 178,414,902</u>
Less: interest accretion on bonds	(33,052)		
Total	<u>\$ 113,768,850</u>		

During the current fiscal year, the County issued \$36,385,000 in Unlimited Tax Road Bonds with interest rates ranging from 4% to 5%. The proceeds were used to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

The annual requirements for all unlimited tax refunding bonds outstanding at September 30, 2022, are as follows:

Unlimited Tax Refunding Bonds

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 55,000	\$ 1,045,260	\$ 1,100,260
2024	1,835,000	1,167,905	3,002,905
2025	2,090,000	908,530	2,998,530
2026	2,200,000	801,280	3,001,280
2027	2,315,000	688,405	3,003,405
2028-2032	13,305,000	1,708,631	15,013,631
2033-2035	<u>5,875,000</u>	<u>133,888</u>	<u>6,008,888</u>
Total	<u>\$ 27,675,000</u>	<u>\$ 6,453,899</u>	<u>\$ 34,128,899</u>

On February 9, 2021 the County issued Limited Tax Road Bonds, Series 2021A. These bonds will be used for purchasing, constructing, reconstructing, improving and equipping County facilities that house justice, law enforcement, and related facilities.

The annual requirements for all limited tax road bonds outstanding at September 30, 2022, are as follows:

Limited Tax Road Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2023	\$ 335,000	\$ 1,750,975	\$ 2,085,975
2024	365,000	1,733,475	2,098,475
2025	765,000	1,705,225	2,470,225
2026	950,000	1,662,350	2,612,350
2027	1,295,000	1,606,225	2,901,225
2028-2032	7,515,000	6,984,725	14,499,725
2033-2037	9,315,000	5,185,300	14,500,300
2038-2042	11,385,000	3,121,700	14,506,700
2043-2046	<u>9,735,000</u>	<u>730,900</u>	<u>10,465,900</u>
Total	<u>\$ 41,660,000</u>	<u>\$ 24,480,875</u>	<u>\$ 66,140,875</u>

Loans were issued in FY 2016 for the purchase of vehicles and equipment. Interest rates on these loans range from 2.0-3.2%. A loan for the purchase of voting equipment was issued in FY 2018 with an interest rate of 0.99%.

The remaining balance of both loans was paid off in fiscal year 2021.

Defeased Debt. The County has also defeased general obligation in the current year and prior years by placing the proceeds of new bonds and the County’s own resources into irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, those trust account assets and the liability for those defeased bonds are not included in the County’s financial statement. At September 30, 2022, \$27,770,000 of defeased bonds remain outstanding.

F. Leases

The County is obligated under several leases (direct borrowing) for vehicles, equipment, buildings, and land. The vehicle leases are secured by the financed assets and carry interest rates ranging from 0.25% to 2.28%. The equipment leases are secured by the financed assets and carry interest rates ranging from 0.25% to 3.24%. The building leases are secured by the financed assets and carry interest rates ranging from 0.08% to 1.66%. The land lease is secured by the financed asset and carries an interest rate of 0.0%.

Principal and interest requirements to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total Requirements
2023	\$ 1,487,639	\$ 30,339	\$ 1,517,978
2024	1,646,482	18,977	1,665,459
2025	702,450	9,326	711,776
2026	289,524	2,309	291,833
2027	<u>46,206</u>	<u>20</u>	<u>46,226</u>
Total	<u>\$ 4,172,301</u>	<u>\$ 60,971</u>	<u>\$ 4,233,272</u>

G. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. In the opinion of the County’s management, disallowed costs, if any, would not have a material effect on the County’s financial position or results of operations.

The County is involved in certain legal actions and claims arising in the ordinary course of its operations. Although the outcome of these legal actions is not presently determinable, in the opinion of the County’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

H. Interfund Transfers

Interfund transfers for the fiscal year ending September 30, 2022, are summarized below:

<u>Transfer out</u>	<u>Transfer in</u>	<u>Amounts</u>
General	Nonmajor governmental	\$ 1,385,719
Nonmajor governmental	General Road and Bridge	53,543
Construction Projects	Debt Service	452,977
Nonmajor governmental	General	<u>58,809</u>
Total		<u>\$ 1,951,048</u>

III. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 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 eight 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 their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-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	304
Inactive employees entitled to but not yet receiving benefits	521
Active employees	<u>598</u>
Total	<u><u>1,423</u></u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability. Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.51% and 10.45% in calendar years 2021 and 2022, respectively. The County’s contributions to TCDRS for the year ended September 30, 2022, were \$3,397,346, which was equal to the required contributions.

Net Pension Liability. The County’s Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Cost-of-Living Adjustments for Kaufman County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	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 provided by TCDRS’ investment consultant, Cliffwater LLC. The numbers shown are based on April 2022 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in 2017. See Milliman’s TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
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	MSCI World Ex USA (net)	5.00%	3.80%
International Equities - Emerging	MSCI EM Standard (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% FTSE EPRA/NAREIT Global Real Estate 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. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

⁽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 2.6%, 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 discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability (asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balance at 12/31/2020	\$ 107,643,949	\$ 101,931,595	\$ 5,712,354
Changes for the year:			
Service cost	4,249,298	-	4,249,298
Interest on total pension liability ⁽¹⁾	8,322,178	-	8,322,178
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(397,065)	-	(397,065)
Effect of assumptions changes or inputs	(132,579)	-	(132,579)
Refund of contributions	(449,772)	(449,772)	-
Benefit payments	(4,421,217)	(4,421,217)	-
Administrative expenses	-	(67,373)	67,373
Member contributions	-	2,169,521	(2,169,521)
Net investment income	-	22,414,516	(22,414,516)
Employer contributions	-	2,949,413	(2,949,413)
Other ⁽³⁾	-	5,173	(5,173)
Balance at 12/31/2021	<u>\$ 114,814,792</u>	<u>\$ 124,531,856</u>	<u>\$ (9,717,064)</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

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

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 131,905,905	\$ 114,814,792	\$ 100,767,811
Fiduciary net position	<u>124,531,856</u>	<u>124,531,856</u>	<u>124,531,855</u>
Net pension liability/(asset)	<u>\$ 7,374,049</u>	<u>\$ (9,717,064)</u>	<u>\$ (23,764,044)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

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

For the year ended September 30, 2022, the County recognized pension expense of \$149,298.

At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 232,177	\$ 620,794
Changes in actuarial assumptions	3,317,022	99,434
Net difference between projected and actual investment earnings	-	13,990,709
Contributions made subsequent to the measurement date	<u>2,586,484</u>	<u>-</u>
Total	<u>\$ 6,135,683</u>	<u>\$ 14,710,937</u>

\$2,586,484 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2023	\$(1,554,278)
2024	(3,201,347)
2025	(3,473,955)
2026	(2,932,158)

B. Other Postemployment Benefits – Retiree Health Plan

Program Description. In addition to the pension benefits described in Note IV A. as required by state law and defined by the County Policy, the County makes available health care benefits through the Texas Association of Counties Health and Employee Benefits Pool to all employees who retire from the County and who are receiving benefits from a County sponsored retirement program (TCDRS). The health care plan provides insurance to eligible retirees through the County’s group health insurance plan, which covers both active and retired members, until age 65 when retirees become eligible and are required to enroll in Medicare Part B, at which time coverage supplements Medicare.

Current retirees in the health plan and at retirement, active employees that meet the conditions for retirement from TCDRS (age 60 and above with 8 years or more of service, 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more) are eligible to remain in the health plan at the age graded and gender distinct contribution rate for active and retiree participants. The County will cease to pay or provide this benefit should the retiree go to work for another employer that offers health insurance benefits.

Benefits and Contributions. The County contributions to the Retiree Health Program consist of a pay-as-you-go monthly contribution rate of one-half (1/2) of the cost of health insurance per participant for those that retire with 8 to 19 years of service and 100% of the cost per participant for those that retire with 20 or more years of service. The County contributions to the plan for fiscal year 2022 were \$453,778. Current retirees with less than 20 years of service contribute to the Retiree Health Program with adjustments for age and gender. Monthly retiree contribution rate for fiscal year 2022 ranges from \$775 to \$1,520 for health insurance. Retirees and current employees with 8 to 19 years of service are financially responsible for one-half of the monthly premiums.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	29
Active members	<u>531</u>
Total	<u><u>560</u></u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS)
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021.
Health care cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years
Participation rates	95% for retirees receiving 100% of premium paid by the County; 75% for retirees receiving 50% of premium paid by the County; 10% for retirees receiving 0% of premium paid by the County
Discount rate	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the demographic and salary increase assumptions were updated to reflect the 2021 TCDRS experience study.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 1.84% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$13,620,069 was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2020.

	<u>Total OPEB Liability</u>
Balance at 12/31/2020	\$ 12,595,709
Changes for the year:	
Service cost	1,117,913
Interest on the total liability	258,982
Difference between expected and actual experience	(41,830)
Changes in assumptions and other inputs	100,447
Benefit payments	<u>(411,152)</u>
Net changes	<u>1,024,360</u>
Balance at 12/31/2021	<u>\$ 13,620,069</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.00% to 1.84%.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB liability	\$ 15,007,832	\$ 13,620,069	\$ 12,350,056

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 11,727,174	\$ 13,620,069	\$ 15,924,506

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2022, the County recognized OPEB expense of \$1,134,014. At September 30, 2022, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 2,480	\$ 1,952,666
Changes in actuarial assumptions	631,088	281,982
Contributions subsequent to the measurement date	<u>382,052</u>	<u>-</u>
Total	<u>\$ 1,015,620</u>	<u>\$ 2,234,648</u>

\$382,052 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2023	\$(242,883)
2024	(242,883)
2025	(242,883)
2026	(251,346)
2027	(297,863)
Thereafter	(323,222)

C. Defined Other Post-Employment Benefit Plans

TCDRS Group Term Life Fund

Plan Description. The County voluntarily participates in the Texas County & District Group Term Life Fund (TCDRS GTLF). The GTLF is a single-employer defined Other Post-Employment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TCDRS Act.

Benefits Provided. The GTLF provides group-term life insurance to County employees who are active members in TCDRS, including or not including retirees. The County's Commissioners' Court opted into this program, and may terminate coverage under, and discontinue participation in, the GTLF program as of January 1, each year.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's most recent regular annualized salary. The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$5,000.

Employees covered by benefit terms. The number of employees currently covered by the benefit terms is as follows:

Inactive employees receiving benefits	246
Inactive employees entitled to but not yet receiving benefits	129
Active employees	<u>598</u>
	<u><u>973</u></u>

Contributions. The County contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation, which was 0.27% for 2022 and 0.27% for 2021, of which 0.10% and 0.11%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The County's contributions to the GTLF for the years ended September 30, 2022 and 2021 were \$83,681 and \$90,303, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The County's Total OPEB Liability (TOL) was measured as of December 31, 2021 as determined by an actuarial valuation as of that date.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended	December 31, 2021
Investment rate of return (discount rate)	2.06%, or 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2021.
Actuarial cost method	Entry Age Level Percent of Salary

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	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.

All actuarial assumptions and methods that determined the Total OPEB Liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

Discount Rate. The TCDRS GTLF program is treated as an unfunded OPEB plan because the GTLF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.06% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was the 20 Year Bond GO Index published by bondbuyer.com as of the measurement date of December 31, 2020.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate <u>(1.06%)</u>	Current Discount Rate <u>(2.06%)</u>	1% Increase in Discount Rate <u>(3.06%)</u>
Total OPEB Liability	\$ 1,976,995	\$ 1,606,022	\$ 1,325,683

OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs. At September 30, 2022, the County reported a liability of \$1,606,022 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. For the year ended September 30, 2022, the County recognized OPEB expense of \$160,528. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance at December 31, 2020	\$ 1,536,333
Changes for the year:	
Service cost	59,910
Interest on total OPEB liability ⁽¹⁾	33,481
Effect of economic/demographic gains or losses	(20,316)
Effect of assumptions changes or inputs ⁽³⁾	30,706
Benefit payments	<u>(34,092)</u>
Balance at December 31, 2021	<u>\$ 1,606,022</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Reflects change in discount rate.

At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,152	\$ 20,293
Change of assumptions	290,297	39,756
Contributions subsequent to the measurement date	<u>24,751</u>	<u>-</u>
Totals	<u>\$ 329,200</u>	<u>\$ 60,049</u>

\$24,751 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2023. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year <u>Ended September 30,</u>	
2023	\$ 67,136
2024	62,785
2025	81,055
2026	33,424

D. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage for each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this commercial insurance coverage during the current fiscal year.

E. Tax Abatements

The County enters into economic development agreements designed to promote development and redevelopment within the County, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the County. The County’s economic development agreements are authorized under Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the County, and the attraction of companies that offer high impact jobs and share the community’s values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations or bringing targeted business to the County. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The County has also entered into two agreements under State County Development and Growth, Chapter 381 of the Texas Local Government Code that will rebate a percentage of property taxes.

In fiscal year 2022, the County abated property tax revenue totaling \$45,967 for five entities. In addition, the County made Chapter 381 property tax rebates of \$135,040 for one entity.

F. Related Party Transactions

During the 2022 fiscal year, the County received services from a company owned by a relative of a member of Commissioners Court. The contract was approved by Commissioners Court and the Commissioner abstained from that vote. Total payments to the vendor for the fiscal year were \$36,131.

G. New Accounting Principles

Significant new accounting standard not yet implemented by the County includes:

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, Subscription-Based Information Technology Arrangements - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, Compensated Absences - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date, December 31	2021	2020	2019
Total Pension Liability			
Service Cost	\$ 4,249,298	\$ 3,611,350	\$ 3,265,943
Interest total pension liability	8,322,178	7,811,066	7,278,934
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	(132,579)	6,634,044	-
Effect of economic/demographic (gains) or losses	(397,065)	(645,991)	470,101
Benefit payments/refunds of contributions	(4,870,989)	(5,077,286)	(4,515,378)
Net change in total pension liability	7,170,843	12,333,183	6,499,600
Total pension liability - beginning	<u>107,643,949</u>	<u>95,310,766</u>	<u>88,811,166</u>
Total pension liability - ending (a)	\$ <u>114,814,792</u>	\$ <u>107,643,949</u>	\$ <u>95,310,766</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 2,949,413	\$ 3,118,705	\$ 2,603,903
Member contributions	2,169,521	2,257,586	1,932,910
Investment income net of investment expenses	22,414,516	9,522,106	13,005,673
Benefit payments refunds of contributions	(4,870,989)	(5,077,286)	(4,515,378)
Administrative expenses	(67,373)	(74,585)	(70,235)
Other	<u>5,173</u>	<u>17,815</u>	<u>13,574</u>
Net change in plan fiduciary net position	22,600,261	9,764,341	12,970,447
Plan fiduciary net position - beginning	<u>101,931,595</u>	<u>92,167,254</u>	<u>79,196,807</u>
Plan fiduciary net position - ending (b)	\$ <u>124,531,856</u>	\$ <u>101,931,595</u>	\$ <u>92,167,254</u>
Net pension liability (asset) - ending (a) - (b)	\$ <u>(9,717,064)</u>	\$ <u>5,712,354</u>	\$ <u>3,143,512</u>
Fiduciary net position as a percentage of total pension liability	108.46%	94.69%	96.70%
Pensionable covered payroll	\$ 30,993,162	\$ 32,251,225	\$ 27,612,999
Net pension liability (asset) as a percentage of covered payroll	-31.35%	17.71%	11.38%

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

	2018	2017	2016	2015	2014
\$	3,053,934	\$ 3,238,234	\$ 3,065,258	\$ 2,644,182	\$ 2,762,499
	6,744,796	6,348,341	5,728,468	5,436,268	5,087,347
	639,221	-	-	(581,498)	-
	-	328,681	-	793,523	-
	220,680	(779,039)	975,056	(1,233,372)	(306,924)
	(4,046,460)	(4,067,947)	(3,643,256)	(3,468,516)	(3,101,049)
	6,612,171	5,068,270	6,125,526	3,590,587	4,441,873
	<u>82,198,995</u>	<u>77,130,725</u>	<u>71,005,199</u>	<u>67,414,612</u>	<u>62,972,739</u>
\$	<u>88,811,166</u>	<u>82,198,995</u>	<u>77,130,725</u>	<u>71,005,199</u>	<u>67,414,612</u>
\$	2,625,263	\$ 2,149,400	\$ 2,156,826	\$ 1,967,249	\$ 1,948,436
	1,802,198	1,633,633	1,632,185	1,464,973	1,415,395
	(1,492,712)	10,274,385	4,810,216	(320,384)	4,146,388
	(4,046,460)	(4,067,947)	(3,643,256)	(3,468,516)	(3,101,049)
	(63,611)	(53,437)	(52,386)	(46,996)	(48,743)
	<u>18,998</u>	<u>(3,545)</u>	<u>452,289</u>	<u>49,879</u>	<u>40,434</u>
	(1,156,324)	9,932,489	5,355,874	(353,795)	4,400,861
	<u>80,353,131</u>	<u>70,420,642</u>	<u>65,064,768</u>	<u>65,418,563</u>	<u>61,017,702</u>
\$	<u>79,196,807</u>	<u>80,353,131</u>	<u>70,420,642</u>	<u>65,064,768</u>	<u>65,418,563</u>
\$	<u>9,614,359</u>	<u>1,845,864</u>	<u>6,710,083</u>	<u>5,940,431</u>	<u>1,996,049</u>
	89.17%	97.75%	91.30%	91.63%	97.04%
\$	25,745,877	\$ 23,337,656	\$ 23,316,925	\$ 20,928,191	\$ 20,111,254
	37.34%	7.91%	28.78%	28.38%	9.93%

KAUFMAN COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,943,276	\$ 1,943,276	\$ -	\$ 20,264,138	9.6%
2015	1,948,005	1,948,005	-	20,597,590	9.5%
2016	2,065,400	2,065,400	-	22,246,549	9.3%
2017	2,110,610	2,110,610	-	22,889,854	9.2%
2018	2,355,016	2,355,016	-	25,146,889	9.4%
2019	2,547,473	2,747,473	(200,000)	27,022,238	10.2%
2020	2,798,325	3,152,573	(354,248)	29,131,092	10.8%
2021	3,118,705	3,118,705	-	31,257,182	10.0%
2022	3,397,346	3,397,346	-	30,993,162	11.0%

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

KAUFMAN COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.9 years (based on contribution rate calculated in 12/31/2021 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: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.
	2019: Employer contributions reflect that a 2% flat COLA was adopted
	2020: No changes in plan provisions were reflected in the Schedule
2021: No changes in plan provisions were reflected in the Schedule	

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the notes to the schedule.*

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - GROUP TERM LIFE

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date, December 31	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service Cost	\$ 59,910	\$ 48,870	\$ 31,124
Interest on total OPEB liability	33,481	36,433	40,542
Effect of assumption changes or inputs	30,706	174,730	281,709
Effect of economic/demographic gains or losses	(20,316)	13,346	4,076
Benefit payments	(34,092)	(35,476)	(33,136)
Net change in Total OPEB Liability	69,689	237,903	324,315
Total OPEB Liability - beginning	<u>1,536,333</u>	<u>1,298,430</u>	<u>974,115</u>
Total OPEB Liability - ending	<u>\$ 1,606,022</u>	<u>\$ 1,536,333</u>	<u>\$ 1,298,430</u>
Covered-employee payroll	\$ 30,993,162	\$ 30,165,826	\$ 27,612,999
Total OPEB Liability as a percentage of covered-employee payroll	5.18%	5.09%	4.70%

Note: This schedule is required to have 10 years of information but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust for the group term life plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statemetn No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

<u>2018</u>	<u>2017</u>
\$ 38,036	\$ 36,235
36,472	37,218
(119,269)	50,348
9,651	(24,241)
(25,746)	(25,671)
(60,856)	73,889
<u>1,034,971</u>	<u>961,082</u>
\$ <u>974,115</u>	\$ <u>1,034,971</u>
\$ 25,745,877	\$ 23,337,656
3.78%	4.43%

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - RETIREE HEALTH PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date, December 31	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service Cost	\$ 1,117,913	\$ 1,310,069	\$ 1,161,747
Interest on total OPEB liability	258,982	366,977	462,572
Difference between expected and actual experience	(41,830)	(1,259,070)	(895,929)
Effect of assumption changes or inputs	100,447	(318,290)	463,473
Benefit payments	(411,152)	(387,145)	(392,144)
Net change in Total OPEB Liability	1,024,360	(287,459)	799,719
Total OPEB Liability - beginning	<u>12,595,709</u>	<u>12,883,168</u>	<u>12,083,449</u>
Total OPEB Liability - ending	<u>\$ 13,620,069</u>	<u>\$ 12,595,709</u>	<u>\$ 12,883,168</u>
Covered-employee payroll	\$ 31,238,881	\$ 30,611,426	\$ 28,032,822
Total OPEB Liability as a percentage of covered-employee payroll	43.60%	41.15%	45.96%

Note: This schedule is required to have 10 years of information but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust for the retiree health plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statemetn No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

<u>2018</u>	<u>2017</u>
\$ 1,240,615	\$ 657,472
395,357	396,383
(642,138)	5,694
(68,067)	538,572
(332,674)	(365,587)
593,093	1,232,534
<u>11,490,356</u>	<u>10,257,822</u>
\$ <u>12,083,449</u>	\$ <u>11,490,356</u>
\$ 25,125,526	\$ 23,337,656
48.09%	49.24%

KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 44,141,183	\$ 44,141,183	\$ 45,089,425	\$ 948,242
Mixed beverage taxes	150,000	150,000	234,728	84,728
License and permits	92,848	117,667	142,693	25,026
Fees of office	4,359,679	4,439,895	4,804,912	365,017
Charges for service	912,952	912,952	967,164	54,212
Intergovernmental	4,736,651	6,323,047	4,906,382	(1,416,665)
Investment income	150,000	150,017	205,113	55,096
Miscellaneous	255,684	502,864	283,505	(219,359)
Total revenues	<u>54,798,997</u>	<u>56,737,625</u>	<u>56,633,922</u>	<u>(103,703)</u>
EXPENDITURES				
Current:				
General Government:				
County Clerk	1,182,165	1,190,295	1,115,899	74,396
County Service Officer	185,643	187,045	237,865	(50,820)
County Administrator	132,705	133,914	21,916	111,998
General Government	4,429,007	7,068,127	4,747,563	2,320,564
Emergency Management	280,739	282,898	249,539	33,359
Animal Shelter	115,000	150,023	153,722	(3,699)
Collections	197,635	199,417	191,542	7,875
District Clerk	756,309	762,179	711,564	50,615
Election Expense	646,424	937,308	932,366	4,942
County Auditor	667,787	686,237	666,267	19,970
Purchasing Agent	332,108	332,358	272,995	59,363
County Treasurer	269,435	270,983	266,522	4,461
Human Resources	324,349	354,001	261,822	92,179
Tax Collector	1,471,486	1,483,120	1,407,046	76,074
Maintenance and Operations	870,725	871,716	747,672	124,044
Utilities	556,400	708,479	672,062	36,417
General Right of Way	5,390	5,390	-	5,390
Probate Education	7,000	7,000	2,077	4,923
Extension Service	357,309	362,786	326,825	35,961
Project/Program Manager	100,708	101,552	95,341	6,211
Computer	555,797	571,247	569,518	1,729
Probate and Lunacy	52,300	94,251	93,651	600
Information Technology	1,037,078	1,065,569	1,048,596	16,973
Total General Government	<u>14,533,499</u>	<u>17,825,895</u>	<u>14,792,370</u>	<u>3,033,525</u>

KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety				
Judicial and Law Enforcement	\$ 240,501	\$ 240,501	\$ 239,079	\$ 1,422
Fire Marshal	541,449	545,098	304,670	240,428
Constable Precinct 1	410,714	413,286	403,289	9,997
Constable Precinct 2	719,467	1,187,222	922,034	265,188
Constable Precinct 3	400,717	472,885	446,924	25,961
Constable Precinct 4	471,999	476,619	424,676	51,943
Sheriff's Fund	9,739,940	10,274,595	9,706,248	568,347
Jail Expense	10,992,346	11,137,358	10,863,913	273,445
911 Regional Call Center	2,410,079	2,428,590	2,082,012	346,578
FWSD #1C - Windmill Farms	1,107,328	1,115,449	772,874	342,575
Highway Patrol	127,844	128,947	115,850	13,097
DPS License and Weight	7,700	7,700	2,207	5,493
Juvenile Probation	852,628	396,054	206,645	189,409
Total Public Safety	28,022,712	28,824,304	26,490,421	2,333,883
Judicial				
County Judge	424,672	436,994	396,531	40,463
County Court at Law #2	587,521	559,598	536,690	22,908
County Court at Law #1	432,681	466,435	464,845	1,590
Public Defender	734,242	741,453	546,261	195,192
422nd District Court	292,062	294,701	281,519	13,182
District Attorney	3,901,647	3,939,157	3,759,515	179,642
Pretrial Diversion	330,619	343,665	308,760	34,905
86th District Court	301,392	304,136	269,117	35,019
Justice of the Peace #1	339,522	341,656	324,728	16,928
Justice of the Peace #2	343,003	345,193	339,079	6,114
Justice of the Peace #3	363,122	365,536	360,033	5,503
Justice of the Peace #4	365,374	367,739	332,392	35,347
Jury Fund	28,900	28,900	16,173	12,727
Charities Poor and Relief	837,905	1,037,411	1,029,092	8,319
Total Judicial	9,282,662	9,572,574	8,964,735	607,839
Community Services				
General Government -				
Community Services	112,500	137,500	137,500	-
Precinct 1 Solid Waste	353,145	378,379	378,358	21
Library	320,252	348,199	317,269	30,930
Total Community Services	785,897	864,078	833,127	30,951

KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Infrastructure and Environmental Services				
Public Works	\$ 880,974	\$ 899,329	\$ 867,792	\$ 31,537
Lake Dam Maintenance	47,373	1,189,060	1,178,858	10,202
Total Infrastructure and Environmental Services	928,347	2,088,389	2,046,650	41,739
Health and Human Services				
General Government - Health and Human Services	163,500	163,500	163,088	412
Indigent Health Care	511,097	512,705	455,696	57,009
Total Health and Human Services	674,597	676,205	618,784	57,421
Capital outlay	524,017	2,666,321	2,796,628	(130,307)
Debt service:				
Principal	1,073,075	1,432,718	1,117,341	315,377
Interest and fiscal charges	162,169	13,455	13,455	-
Total expenditures	55,986,975	63,963,939	57,673,511	6,290,428
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,187,978)	(7,226,314)	(1,039,589)	6,186,725
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	125,500	4,323,147	4,197,647	(125,500)
Insurance recoveries	121,085	232,560	101,038	(131,522)
Transfers in	110,320	110,320	58,809	(51,511)
Transfers out	(1,214,201)	(1,341,438)	(1,385,719)	(44,281)
Issuance of capital lease	-	946,008	1,331,197	385,189
Total other financing sources (uses)	(857,296)	4,270,597	4,302,972	32,375
NET CHANGE IN FUND BALANCES	(2,045,274)	(2,955,717)	3,263,383	6,219,100
FUND BALANCES, BEGINNING	15,090,531	15,090,531	15,090,531	-
FUND BALANCES, ENDING	\$ 13,045,257	\$ 12,134,814	\$ 18,353,914	\$ 6,219,100

KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 11,537,504	\$ 11,537,504	\$ 11,572,865	\$ 35,361
Fees of office	2,464,272	2,464,272	3,357,003	892,731
Charges for service	-	91,065	275,945	184,880
Intergovernmental	221,000	600,474	379,474	(221,000)
Investment income	5,570	5,570	43,590	38,020
Miscellaneous	204,987	244,195	274,152	29,957
Total revenues	<u>14,433,333</u>	<u>14,943,080</u>	<u>15,903,029</u>	<u>959,949</u>
EXPENDITURES				
Current:				
Infrastructure and Environmental				
Precinct 1	3,344,390	4,420,231	2,929,524	1,490,707
Precinct 2	2,047,044	2,793,097	1,753,618	1,039,479
Precinct 3	2,927,032	4,054,770	3,346,293	708,477
Precinct 4	4,693,616	6,621,839	5,306,127	1,315,712
Capital outlay	1,074,500	1,330,179	1,178,566	151,613
Debt service				
Principal	580,017	580,297	577,256	3,041
Interest and fiscal charges	<u>34,691</u>	<u>34,691</u>	<u>34,620</u>	<u>71</u>
Total expenditures	<u>14,701,290</u>	<u>19,835,104</u>	<u>15,126,004</u>	<u>4,709,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(267,957)</u>	<u>(4,892,024)</u>	<u>777,025</u>	<u>5,669,049</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	8,850	161,022	152,172	(8,850)
Insurance recoveries	-	16,763	16,763	-
Transfers in	-	438,521	53,543	(384,978)
Total other financing sources (uses)	<u>8,850</u>	<u>616,306</u>	<u>222,478</u>	<u>(393,828)</u>
NET CHANGE IN FUND BALANCES	<u>(259,107)</u>	<u>(4,275,718)</u>	<u>999,503</u>	<u>5,275,221</u>
FUND BALANCES, BEGINNING	<u>5,233,629</u>	<u>5,233,629</u>	<u>5,233,629</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 4,974,522</u>	<u>\$ 957,911</u>	<u>\$ 6,233,132</u>	<u>\$ 5,275,221</u>

KAUFMAN COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial report:

1. The County Judge has departmental meetings with management to determine the departmental budget requests.
2. The County Judge submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The operational budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. After the public hearings, the Commissioners' Court reviews the budget and makes any adjustments they feel necessary.
5. The budget is then legally enacted by the Commissioners' Court on or before October 1.

Only the governing body, composed of the Commissioners' Court, may amend the budget after its adoption so long as the amendment continues to meet the requirements of Section 111 of the *Local Government Code*. During the year, several supplementary amendments to the original budget were required. Individual amendments were not material in relation to the original appropriations, and all amendments were legally made. The County's budget authorizes expenditures for all governmental fund types. The County's legally adopted budget is at the department level in those funds with multiple departments and at the fund level in single department funds. All budgets are fixed in nature. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budget appropriations lapse at year-end. Annual appropriated budgets are adopted for the General, General Road and Bridge Funds and Debt Service Funds.

**COMBINING
STATEMENTS AND SCHEDULES**

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue			
	Sheriff Federal Forfeitures	Sheriff State Forfeitures	District Attorney Forfeitures	Law Library
ASSETS				
Cash and cash equivalents	\$ 118,330	\$ 59,435	\$ 100,708	\$ 162,067
Receivables:				
Due from other governments	-	-	-	-
Total assets	118,330	59,435	100,708	162,067
LIABILITIES				
Liabilities:				
Accounts payable	4,111	-	574	2,505
Accrued liabilities	-	-	-	547
Unearned revenue	-	-	-	-
Total liabilities	4,111	-	574	3,052
FUND BALANCES				
Restricted for:				
Public safety	114,219	59,435	-	-
Judicial	-	-	100,134	159,015
Fire code enforcement	-	-	-	-
Historical preservation	-	-	-	-
Records management and preservation	-	-	-	-
Court technology and security	-	-	-	-
Other purposes	-	-	-	-
Total fund balances	114,219	59,435	100,134	159,015
Total liabilities, deferred inflows of resources, and fund balances	\$ 118,330	\$ 59,435	\$ 100,708	\$ 162,067

Special Revenue

Voter Registration	Juvenile Probation	Appellate Justice System	Records Management	Library Memorials	Courthouse Security	Records Management and Preservation
\$ 1,100	\$ 183,004	\$ 36,701	\$ 746,332	\$ 6,992	\$ 286,528	\$ 110,722
<u>-</u>	<u>38,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,100</u>	<u>221,089</u>	<u>36,701</u>	<u>746,332</u>	<u>6,992</u>	<u>286,528</u>	<u>110,722</u>
-	19,360	13,066	23,709	-	-	-
-	19,536	-	2,133	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>38,896</u>	<u>13,066</u>	<u>25,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	182,193	-	-	-	-	-
-	-	23,635	-	-	-	-
-	-	-	-	6,992	-	-
-	-	-	720,490	-	-	110,722
-	-	-	-	-	286,528	-
<u>1,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,100</u>	<u>182,193</u>	<u>23,635</u>	<u>720,490</u>	<u>6,992</u>	<u>286,528</u>	<u>110,722</u>
<u>\$ 1,100</u>	<u>\$ 221,089</u>	<u>\$ 36,701</u>	<u>\$ 746,332</u>	<u>\$ 6,992</u>	<u>\$ 286,528</u>	<u>\$ 110,722</u>

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue			
	District Clerk Records Management and Preservation	Fire Code	CCL Diversion Court	422nd Diversion Court
ASSETS				
Cash and cash equivalents	\$ 161,857	\$ 968,947	\$ 50,268	\$ 61,233
Receivables:				
Due from other governments	-	-	-	-
Total assets	<u>161,857</u>	<u>968,947</u>	<u>50,268</u>	<u>61,233</u>
LIABILITIES				
Liabilities:				
Accounts payable	3,796	450	450	-
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>3,796</u>	<u>450</u>	<u>450</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Public safety	-	-	-	-
Judicial	-	-	49,818	61,233
Fire code enforcement	-	968,497	-	-
Historical preservation	-	-	-	-
Records management and preservation	158,061	-	-	-
Court technology and security	-	-	-	-
Other purposes	-	-	-	-
Total fund balances	<u>158,061</u>	<u>968,497</u>	<u>49,818</u>	<u>61,233</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>161,857</u>	\$ <u>968,947</u>	\$ <u>50,268</u>	\$ <u>61,233</u>

Special Revenue

Constable Pct. 4 Forfeitures	Justice Court Building Security	Juror Reimbursements	Texas Water Improvement	Historical Society	Juvenile Case Manager	LEOSE Training
\$ 6,974	\$ 13,268	\$ 51,950	\$ -	\$ 30,138	\$ 1,963	\$ 49,268
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,974</u>	<u>13,268</u>	<u>51,950</u>	<u>-</u>	<u>30,138</u>	<u>1,963</u>	<u>49,268</u>
-	-	640	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,974	-	-	-	-	1,963	49,268
-	-	51,310	-	-	-	-
-	-	-	-	30,138	-	-
-	13,268	-	-	-	-	-
<u>-</u>	<u>13,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,974</u>	<u>13,268</u>	<u>51,310</u>	<u>-</u>	<u>30,138</u>	<u>1,963</u>	<u>49,268</u>
<u>\$ 6,974</u>	<u>\$ 13,268</u>	<u>\$ 51,950</u>	<u>\$ -</u>	<u>\$ 30,138</u>	<u>\$ 1,963</u>	<u>\$ 49,268</u>

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue			
	County and District Court Technology	JP Technology	Records Archive	SCAAP Grant
ASSETS				
Cash and cash equivalents	\$ 12,659	\$ 182,403	\$ 801,303	\$ 13,666
Receivables:				
Due from other governments	-	-	-	32,388
Total assets	12,659	182,403	801,303	46,054
LIABILITIES				
Liabilities:				
Accounts payable	-	4,459	10	7,125
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	5,701
Total liabilities	-	4,459	10	12,826
FUND BALANCES				
Restricted for:				
Public safety	-	-	-	33,228
Judicial	-	-	-	-
Fire code enforcement	-	-	-	-
Historical preservation	-	-	-	-
Records management and preservation	-	-	801,293	-
Court technology and security	12,659	177,944	-	-
Other purposes	-	-	-	-
Total fund balances	12,659	177,944	801,293	33,228
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,659	\$ 182,403	\$ 801,303	\$ 46,054

Special Revenue						
Tax Assessor/ Collector Administration Fees	Air Quality Grant	HAVA CARES & Security Grant	Local Truancy Prevention & Diversion	D.A. Pre-Trial Diversion Fund	Pct #2 Constable Siezure Act Fund	TWDB FIF Escrow
\$ 50,975	\$ 2,558	\$ 19,445	\$ 53,780	\$ 52,335	\$ 7,875	\$ 202,285
-	-	-	-	-	-	4,805
<u>50,975</u>	<u>2,558</u>	<u>19,445</u>	<u>53,780</u>	<u>52,335</u>	<u>7,875</u>	<u>207,090</u>
-	-	19,445	-	-	-	31,212
-	-	-	-	-	-	133,465
-	-	-	-	-	-	-
-	-	<u>19,445</u>	-	-	-	<u>164,677</u>
-	2,558	-	53,780	52,335	7,875	42,413
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>50,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>50,975</u>	<u>2,558</u>	<u>-</u>	<u>53,780</u>	<u>52,335</u>	<u>7,875</u>	<u>42,413</u>
<u>\$ 50,975</u>	<u>\$ 2,558</u>	<u>\$ 19,445</u>	<u>\$ 53,780</u>	<u>\$ 52,335</u>	<u>\$ 7,875</u>	<u>\$ 207,090</u>

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KAUFMAN COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2022

	Special Revenue	
	Court Facility Fund	Total Other Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 39,080	\$ 4,646,149
Receivables:		
Due from other governments	-	75,278
Total assets	39,080	4,721,427
LIABILITIES		
Liabilities:		
Accounts payable	-	130,912
Accrued liabilities	-	155,681
Unearned revenue	-	5,701
Total liabilities	-	292,294
FUND BALANCES		
Restricted for:		
Public safety	39,080	645,321
Judicial	-	445,145
Fire code enforcement	-	968,497
Historical preservation	-	37,130
Records management and preservation	-	1,790,566
Court technology and security	-	490,399
Other purposes	-	52,075
Total fund balances	39,080	4,429,133
Total liabilities, deferred inflows of resources, and fund balances	\$ 39,080	\$ 4,721,427

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue			
	Sheriff Federal Forfeitures	Sheriff State Forfeitures	District Attorney Forfeitures	Law Library
REVENUES				
License and permits	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	101,225
Charges for services	-	-	-	-
Forfeitures	106,286	43,374	76,013	-
Intergovernmental	-	-	-	-
Investment income	-	-	-	149
Miscellaneous	-	-	-	-
Total revenues	<u>106,286</u>	<u>43,374</u>	<u>76,013</u>	<u>101,374</u>
EXPENDITURES				
General government	-	-	-	-
Public safety and corrections	63,159	31,846	-	-
Judicial	-	-	33,748	96,101
Infrastructure and environmental	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>63,159</u>	<u>31,846</u>	<u>33,748</u>	<u>96,101</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>43,127</u>	<u>11,528</u>	<u>42,265</u>	<u>5,273</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	334
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>334</u>
NET CHANGE IN FUND BALANCES	43,127	11,528	42,265	5,607
FUND BALANCES, BEGINNING	<u>71,092</u>	<u>47,907</u>	<u>57,869</u>	<u>153,408</u>
FUND BALANCES, ENDING	<u>\$ 114,219</u>	<u>\$ 59,435</u>	<u>\$ 100,134</u>	<u>\$ 159,015</u>

Special Revenue

Voter Registration	Juvenile Probation	Appellate Justice System	Records Management	Library Memorials	Courthouse Security	Records Management and Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	13,065	550,897	-	127,709	3,363
-	-	-	-	-	-	-
13,467	683,655	-	-	-	-	-
-	293	-	703	-	235	109
-	-	-	-	2,246	-	-
<u>13,467</u>	<u>683,948</u>	<u>13,065</u>	<u>551,600</u>	<u>2,246</u>	<u>127,944</u>	<u>3,472</u>
19,562	-	-	416,900	406	-	-
-	1,699,160	-	-	-	-	-
-	-	13,065	-	-	9,846	-
-	-	-	-	-	-	-
<u>19,562</u>	<u>1,699,160</u>	<u>13,065</u>	<u>416,900</u>	<u>406</u>	<u>9,846</u>	<u>-</u>
(6,095)	(1,015,212)	-	134,700	1,840	118,098	3,472
-	1,195,648	-	1,513	-	-	-
(3,371)	-	-	-	(250)	-	-
(3,371)	<u>1,195,648</u>	-	<u>1,513</u>	(250)	-	-
(9,466)	180,436	-	136,213	1,590	118,098	3,472
<u>10,566</u>	<u>1,757</u>	<u>23,635</u>	<u>584,277</u>	<u>5,402</u>	<u>168,430</u>	<u>107,250</u>
<u>\$ 1,100</u>	<u>\$ 182,193</u>	<u>\$ 23,635</u>	<u>\$ 720,490</u>	<u>\$ 6,992</u>	<u>\$ 286,528</u>	<u>\$ 110,722</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue			
	Records Management and Preservation	Fire Code	CCL Diversion Court	422nd Diversion Court
REVENUES				
License and permits	\$ -	\$ 508,692	\$ -	\$ -
Fees of office	73,901	-	5,410	1,735
Charges for services	-	-	-	-
Forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	125	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>74,026</u>	<u>508,692</u>	<u>5,410</u>	<u>1,735</u>
EXPENDITURES				
General government	10,237	-	-	-
Public safety and corrections	-	1,698	-	590
Judicial	-	-	11,025	-
Infrastructure and environmental	-	-	-	-
Capital outlay	-	417	-	-
Total expenditures	<u>10,237</u>	<u>2,115</u>	<u>11,025</u>	<u>590</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>63,789</u>	<u>506,577</u>	<u>(5,615)</u>	<u>1,145</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	742	742
Transfers out	-	(52,225)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(52,225)</u>	<u>742</u>	<u>742</u>
NET CHANGE IN FUND BALANCES	63,789	454,352	(4,873)	1,887
FUND BALANCES, BEGINNING	<u>94,272</u>	<u>514,145</u>	<u>54,691</u>	<u>59,346</u>
FUND BALANCES, ENDING	<u>\$ 158,061</u>	<u>\$ 968,497</u>	<u>\$ 49,818</u>	<u>\$ 61,233</u>

Special Revenue

Constable Pct. 4 Forfeitures	Justice Court Building Security	Juror Reimbursements	Texas Water Improvement	Historical Society	Juvenile Case Manager	LEOSE Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	912	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	13,310
7	-	75	-	25	-	-
-	-	450	-	-	-	-
<u>7</u>	<u>912</u>	<u>525</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>13,310</u>
-	-	-	-	550	-	-
-	-	-	-	-	-	14,818
-	-	67,980	-	-	-	-
-	-	-	-	-	-	-
-	-	67,980	-	550	-	14,818
<u>7</u>	<u>912</u>	<u>(67,455)</u>	<u>-</u>	<u>(525)</u>	<u>-</u>	<u>(1,508)</u>
-	-	61,800	-	13,600	-	-
-	-	-	(293)	-	-	-
-	-	61,800	(293)	13,600	-	-
7	912	(5,655)	(293)	13,075	-	(1,508)
<u>6,967</u>	<u>12,356</u>	<u>56,965</u>	<u>293</u>	<u>17,063</u>	<u>1,963</u>	<u>50,776</u>
<u>\$ 6,974</u>	<u>\$ 13,268</u>	<u>\$ 51,310</u>	<u>\$ -</u>	<u>\$ 30,138</u>	<u>\$ 1,963</u>	<u>\$ 49,268</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue			
	District Court Technology	JP Technology	Records Archive	SCAAP Grant
REVENUES				
License and permits	\$ -	\$ -	\$ -	\$ -
Fees of office	3,391	21,794	516,680	-
Charges for services	-	-	-	-
Forfeitures	-	-	-	-
Intergovernmental	-	-	-	32,388
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,391</u>	<u>21,794</u>	<u>516,680</u>	<u>32,388</u>
EXPENDITURES				
General government	235	-	531,092	-
Public safety and corrections	-	-	-	13,915
Judicial	-	34,722	-	-
Infrastructure and environmental	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>235</u>	<u>34,722</u>	<u>531,092</u>	<u>13,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,156</u>	<u>(12,928)</u>	<u>(14,412)</u>	<u>18,473</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(4,590)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(4,590)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,156	(17,518)	(14,412)	18,473
FUND BALANCES, BEGINNING	<u>9,503</u>	<u>195,462</u>	<u>815,705</u>	<u>14,755</u>
FUND BALANCES, ENDING	<u>\$ 12,659</u>	<u>\$ 177,944</u>	<u>\$ 801,293</u>	<u>\$ 33,228</u>

Special Revenue						
Collector Administration Fees	Air Quality Grant	CARES & Security Grant	Truancy Prevention & Diversion	D.A. Pre-Trial Diversion Fund	Constable Sizure Act Fund	TWDB FIF Escrow
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	38,706	-	-
-	-	-	-	-	-	46,535
-	-	-	-	-	-	-
21,514	-	-	22,563	-	-	-
-	-	77	-	37	8	165
-	-	-	-	-	4,722	-
<u>21,514</u>	<u>-</u>	<u>77</u>	<u>22,563</u>	<u>38,743</u>	<u>4,730</u>	<u>46,700</u>
-	-	-	-	-	-	-
-	-	136,697	-	-	3,144	-
-	-	-	-	-	-	-
-	-	-	-	-	-	69,092
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>136,697</u>	<u>-</u>	<u>-</u>	<u>3,144</u>	<u>69,092</u>
<u>21,514</u>	<u>-</u>	<u>(136,620)</u>	<u>22,563</u>	<u>38,743</u>	<u>1,586</u>	<u>(22,392)</u>
-	-	-	-	-	-	111,340
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,088)</u>	<u>-</u>	<u>(46,535)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,088)</u>	<u>-</u>	<u>64,805</u>
21,514	-	(136,620)	22,563	33,655	1,586	42,413
<u>29,461</u>	<u>2,558</u>	<u>136,620</u>	<u>31,217</u>	<u>18,680</u>	<u>6,289</u>	<u>-</u>
<u>\$ 50,975</u>	<u>\$ 2,558</u>	<u>\$ -</u>	<u>\$ 53,780</u>	<u>\$ 52,335</u>	<u>\$ 7,875</u>	<u>\$ 42,413</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Special Revenue Court Facility Fund</u>	<u>Total Other Governmental Funds</u>
REVENUES		
License and permits	\$ -	\$ 508,692
Fees of office	39,080	1,497,868
Charges for services	-	46,535
Forfeitures	-	225,673
Intergovernmental	-	786,897
Investment income	-	2,008
Miscellaneous	-	7,418
Total revenues	<u>39,080</u>	<u>3,075,091</u>
EXPENDITURES		
General government	-	978,982
Public safety and corrections	-	1,965,027
Judicial	-	266,487
Infrastructure and environmental	-	69,092
Capital outlay	-	417
Total expenditures	<u>-</u>	<u>3,280,005</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>39,080</u>	<u>(204,914)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	1,385,719
Transfers out	-	(112,352)
Total other financing sources (uses)	<u>-</u>	<u>1,273,367</u>
NET CHANGE IN FUND BALANCES	39,080	1,068,453
FUND BALANCES, BEGINNING	<u>-</u>	<u>3,360,680</u>
FUND BALANCES, ENDING	<u>\$ 39,080</u>	<u>\$ 4,429,133</u>

**DEBT SERVICE
BUDGET TO ACTUAL**

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KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 9,869,700	\$ 9,869,700	\$ 9,947,008	\$ 77,308
Investment income	-	3,734	11,185	7,451
Total revenues	<u>9,869,700</u>	<u>9,873,434</u>	<u>9,958,193</u>	<u>84,759</u>
EXPENDITURES				
Debt service				
Principal	9,822,440	3,020,000	3,020,000	-
Interest and fiscal charges	47,260	7,298,103	7,290,175	7,928
Total expenditures	<u>9,869,700</u>	<u>10,318,103</u>	<u>10,310,175</u>	<u>7,928</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(444,669)</u>	<u>(351,982)</u>	<u>92,687</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	436,394	452,977	16,583
Total other financing sources (uses)	<u>-</u>	<u>436,394</u>	<u>452,977</u>	<u>16,583</u>
NET CHANGE IN FUND BALANCES	-	(8,275)	100,995	109,270
FUND BALANCES, BEGINNING	<u>3,269,076</u>	<u>3,269,076</u>	<u>3,269,076</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,269,076</u>	<u>\$ 3,260,801</u>	<u>\$ 3,370,071</u>	<u>\$ 109,270</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2022

	Custodial funds			
	District Clerk	County Clerk	Childrens' Shelter	Adult Probation
ASSETS				
Cash and cash equivalents	\$ 6,319,949	\$ 1,642,831	\$ 300	\$ 845,131
Accounts receivable	<u>-</u>	<u>-</u>	<u>61,753</u>	<u>-</u>
Total assets	<u>\$ 6,319,949</u>	<u>\$ 1,642,831</u>	<u>\$ 62,053</u>	<u>\$ 845,131</u>
LIABILITIES				
Accounts payable	<u>-</u>	<u>-</u>	<u>41,530</u>	<u>37,900</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>41,530</u>	<u>37,900</u>
NET POSITION				
Restricted for:				
Pool participants	6,319,949	1,642,831	-	-
Individuals and organizations	<u>-</u>	<u>-</u>	<u>20,523</u>	<u>807,231</u>
Total net position	<u>\$ 6,319,949</u>	<u>\$ 1,642,831</u>	<u>\$ 20,523</u>	<u>\$ 807,231</u>

Custodial funds

Tax Assessor Collector	Employee Savings	Justice of the Peace	Veteran's Court	County District Attorney	Sheriff Office	Bail Bond	Total Custodial Funds
\$ 2,644,091	\$ 495,365	\$ 139,007	\$ 10,571	\$ 234,497	\$ 934,164	\$ 513,330	\$ 13,779,236
-	-	-	-	-	-	-	61,753
<u>\$ 2,644,091</u>	<u>\$ 495,365</u>	<u>\$ 139,007</u>	<u>\$ 10,571</u>	<u>\$ 234,497</u>	<u>\$ 934,164</u>	<u>\$ 513,330</u>	<u>\$ 13,840,989</u>
-	<u>495,365</u>	<u>116,054</u>	-	-	-	<u>502,000</u>	<u>1,192,849</u>
-	<u>495,365</u>	<u>116,054</u>	-	-	-	<u>502,000</u>	<u>1,192,849</u>
-	-	-	-	-	-	-	7,962,780
<u>2,644,091</u>	-	<u>22,953</u>	<u>10,571</u>	<u>234,497</u>	<u>934,164</u>	<u>11,330</u>	<u>4,685,360</u>
<u>\$ 2,644,091</u>	<u>\$ -</u>	<u>\$ 22,953</u>	<u>\$ 10,571</u>	<u>\$ 234,497</u>	<u>\$ 934,164</u>	<u>\$ 11,330</u>	<u>\$ 12,648,140</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Custodial Funds			
	District Clerk	County Clerk	Childrens' Shelter	Adult Probation
INCREASES				
Contributions from judgements	\$ 7,978,283	\$ 1,222,755	\$ -	\$ -
Bonds received	-	-	-	-
Court fees	-	-	-	-
Deposits held	-	-	-	-
Operational revenues	-	-	588,256	-
Taxes collected on behalf of taxing entities	-	-	-	-
Interest income	72	2,045	-	665
Probation revenues	-	-	-	1,602,922
Total increases	<u>7,978,355</u>	<u>1,224,800</u>	<u>588,256</u>	<u>1,603,587</u>
DECREASES				
Collections distributed	-	-	-	-
Deposits returned	-	-	-	-
Disbursements to beneficiaries	4,641,656	227,712	-	-
Taxes disbursed to taxing entities	-	-	-	-
Operational expenses	-	-	617,871.00	1,558,666.00
Total decreases	<u>4,641,656</u>	<u>227,712</u>	<u>617,871</u>	<u>1,558,666</u>
Net increase (decrease) in fiduciary net position	3,336,699	997,088	(29,615)	44,921
Net position - beginning	<u>2,983,250</u>	<u>645,743</u>	<u>50,138</u>	<u>762,310</u>
Net position - ending	<u>\$ 6,319,949</u>	<u>\$ 1,642,831</u>	<u>\$ 20,523</u>	<u>\$ 807,231</u>

Custodial Funds

Tax Assessor Collector	Employee Savings	Justice of the Peace	Veteran's Court	County District Attorney	Sheriff Office	Bail Bond	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,201,038
-	-	-	-	-	-	580	580
-	-	1,746,322	-	-	-	-	1,746,322
-	-	-	-	616,711	2,830,820	-	3,447,531
-	-	-	1,935	-	-	-	590,191
403,148,305	-	-	-	-	-	-	403,148,305
9,005	-	168	-	50	28	-	12,033
-	-	-	-	-	-	-	1,602,922
<u>403,157,310</u>	<u>-</u>	<u>1,746,490</u>	<u>1,935</u>	<u>616,761</u>	<u>2,830,848</u>	<u>580</u>	<u>419,748,922</u>
-	-	1,748,222	-	712,861	-	-	2,461,083
-	-	-	-	-	2,734,325	-	2,734,325
-	-	-	-	-	-	-	4,869,368
400,513,219	-	-	-	-	-	-	400,513,219
-	476,879	-	-	-	-	-	2,653,416
<u>400,513,219</u>	<u>476,879</u>	<u>1,748,222</u>	<u>-</u>	<u>712,861</u>	<u>2,734,325</u>	<u>-</u>	<u>413,231,411</u>
2,644,091	(476,879)	(1,732)	1,935	(96,100)	96,523	580	6,517,511
-	476,879	24,685	8,636	330,597	837,641	10,750	6,130,629
<u>\$ 2,644,091</u>	<u>\$ -</u>	<u>\$ 22,953</u>	<u>\$ 10,571</u>	<u>\$ 234,497</u>	<u>\$ 934,164</u>	<u>\$ 11,330</u>	<u>\$ 12,648,140</u>

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