



Financial Statements
September 30, 2022
Erath County, Texas

Independent Auditor’s Report 1

Management’s Discussion and Analysis 5

Government Wide Financial Statements

 Statement of Net Position (Exhibit A-1).....16

 Statement of Activities (Exhibit A-2)17

Government Fund Financial Statements

 Balance Sheet – Governmental Funds (Exhibit A-3).....18

 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit A-4)19

 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5)20

 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6)21

Fiduciary Fund Financial Statements

 Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-7)22

 Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-8).....23

Notes to Financial Statements24

Required Supplementary Information

 Budgetary Comparison Schedule – General Fund (Exhibit B-1)51

 Budgetary Comparison Schedule – Road and Bridge Fund (Exhibit B-2).....52

 Budgetary Comparison Schedule – Grant Fund (Exhibit B-3)53

 Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System (Exhibit B-4).....54

 Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-5).....56

 Notes to Required Supplementary Information57

Supplementary Information

 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)60

 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-2).....64

 Combining Balance Sheet – Road and Bridge Fund (Exhibit C-3).....68

 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Road and Bridge Fund (Exhibit C-4).....70



Independent Auditor's Report

The Honorable Judge and Members of the Commissioners Court
Erath County, Texas
Stephenville, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Erath 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 the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Erath County, Texas, 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 (*Government Auditing Standards*). 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 Erath County, Texas, 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.

Restatement of Balances

As discussed in Note 13 to the financial statements, misstatements resulting in an overstatement of amounts previously reported for interfund balances and an understatement of custodial fund cash as of September 30, 2021, were discovered by management of the County during the current year. Accordingly, a restatement has been made to the general fund and grant fund balance and fiduciary funds and governmental activities net position as of September 30, 2021, to correct the misstatement. Our opinions are not modified with respect to that matter.

Adoption of New Accounting Standard

As discussed in Note 12 to the financial statements, the Erath County, Texas has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended September 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of October 1, 2021, to restate beginning net position. Our opinions are 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.

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 and the budgetary comparison information together with the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions on pages 5-15 and 51-59 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 GAAS, 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 fund financial statements 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. The 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 GAAS. In our opinion, the combining 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 October 20, 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
October 20, 2023

As management of Erath County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

DISCUSSION OF THE FINANCIAL STATEMENTS AND PERFORMANCE

This management discussion and analysis (MD&A) of Erath County (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2022. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. The MD&A includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

Government-Wide Statements

The government-wide financial position increased in fiscal year ended September 30, 2022. The fiscal year 2022 net position was \$54,873,897 compared to the restated fiscal 2021 net position of \$49,603,920. The net increase was \$5,269,977.

Governmental Funds Financial Statements

The County's governmental funds reported combined fund balances of \$26,667,748 compared to the restated balance of \$26,234,168 of prior year.

At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$13,816,772 or 81% of general fund expenditures (excluding other financing sources).

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components:

1. Government -wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of Erath County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (Page 16) presents information on all of Erath County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether Erath County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors.

The Statement of Activities (Page 17) presents information showing how the government'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.

Net position – the difference between the County's assets and liabilities – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements are designed to distinguish functions of Erath County that are principally supported by taxes and intergovernmental revenues (governmental activities). Governmental activities include general government, judicial, elections, financial administration, legal, law enforcement, road and bridge, health and welfare, parks and recreation, and county extension services. These activities are financed primarily by property taxes and grants. The County does not have any business-type activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about Erath County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. Erath County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes.

The County has three types of funds:

- Governmental funds—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. 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. These reconciliations can be found on Pages 19 and 21 of the basic financial statements section.

The County maintains thirty-five individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, road and bridge fund, grants fund, and the capital projects fund, all of which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided in the Required Supplementary section to demonstrate compliance with this budget.

- **Fiduciary funds** – The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Fund Net Position. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

Discretely Presented Component Unit. The Erath County Volunteer Fire Department (VFD) is under the direction of a five-member board of managers who are appointed by the Commissioners' Court. The Commissioners' Court approves the VFD budget. The VFD financial data is presented separately to emphasize that it is legally separate from the County.

Complete financial statements for the VFD may be obtained from:
President
Erath County Volunteer Fire Department
830 A East Road
Stephenville, TX 76401

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Erath County's combined net position was approximately \$54.9 million at September 30, 2022. The largest portion of the County's net position (45%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net position (30%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.

	Governmental Activities	
	September 30, 2022	September 30, 2021 (restated)
Current and Other Assets	\$ 45,410,089	\$ 33,721,344
Capital Assets	26,731,094	23,125,930
Total assets	72,141,183	56,847,274
Deferred Outflows of Resources	2,158,402	2,564,149
Current Liabilities	10,807,291	1,535,371
Long Term Liabilities	1,831,638	2,591,265
Total liabilities	12,638,929	4,126,636
Deferred Inflows of Resources	6,786,759	5,680,867
Net Position		
Net Investment in Capital Assets	24,451,893	20,779,188
Restricted	16,234,414	3,233,991
Unrestricted	14,187,590	25,590,741
Total net position	\$ 54,873,897	\$ 49,603,920

Changes in Net Position

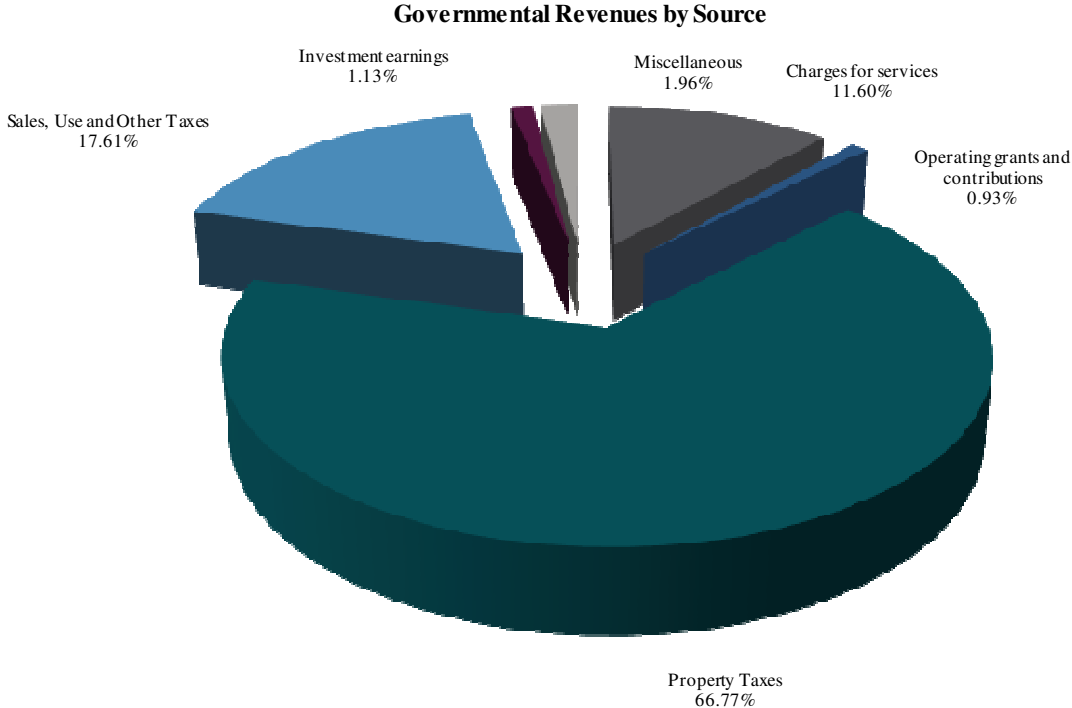
Erath County's net position increased by \$5,269,977 during the current fiscal year.

	Governmental Activities	
	September 30, 2022	September 30, 2021 (as restated)
Revenues		
Program revenues		
Charges for services	\$ 3,083,166	\$ 3,062,919
Operating grants and contributions	247,818	823,437
Capital grants and contributions	-	-
General revenues		
Property taxes	17,741,608	17,216,036
Sales and use and other taxes	4,678,857	3,963,958
Investment earnings	300,405	24,423
Miscellaneous revenue	402,793	440,408
Gain on sale of assets	117,527	335,266
Total revenues	<u>26,572,174</u>	<u>25,866,447</u>
Expenses		
General government	4,055,914	4,025,596
Judicial	1,059,639	1,051,718
Elections	63,483	63,008
Financial Administration	1,370,950	1,360,702
Tax Administration	798,842	792,871
Law Enforcement	8,377,428	8,314,807
Road and bridge	4,267,095	4,235,198
Health care	869,251	862,753
Parks and recreation	68,188	67,678
County extension service	317,986	315,610
Interest on long-term debt	53,421	59,743
Total expenses	<u>21,302,197</u>	<u>21,149,684</u>
Change in Net Position	5,269,977	4,716,763
Beginning net position	49,603,920	44,887,157
Ending Net Position	<u>\$ 54,873,897</u>	<u>\$ 49,603,920</u>

Governmental Activities

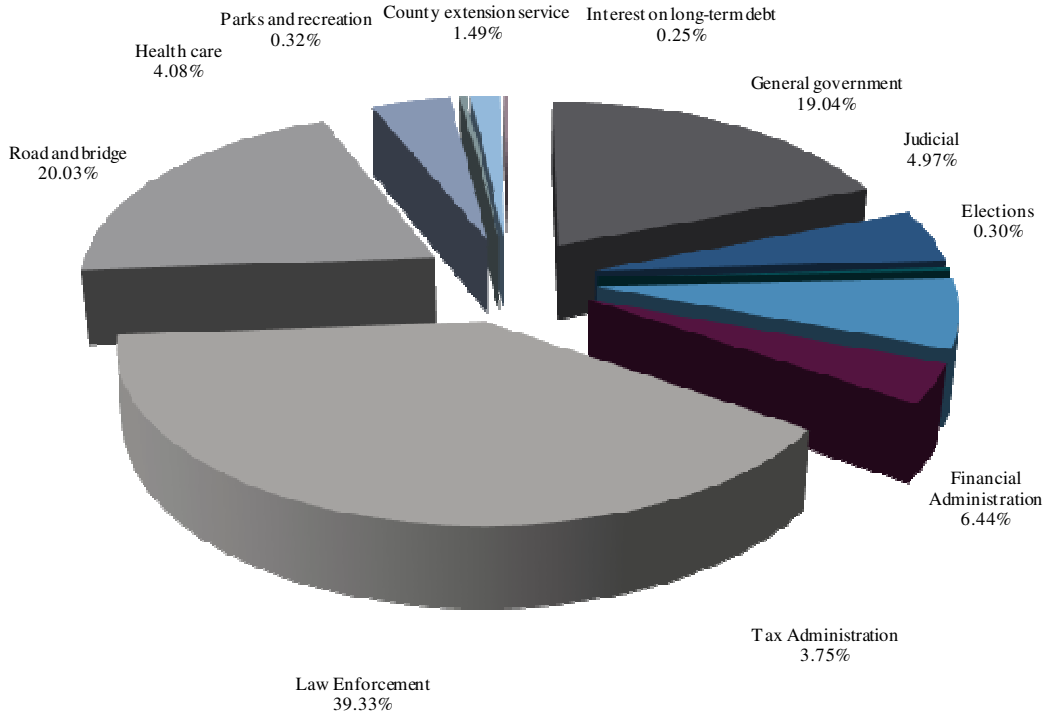
Total revenues for the fiscal year ending September 30, 2022 were \$26.6 million. Approximately 84% of the County's revenue comes from taxes, with approximately 67% from property taxes alone. Property tax revenue as a percentage of total revenue was comparable to the prior year.

Expenditures increased by \$153 thousand from the prior year due to overall rising costs.



The total cost for all programs and services totaled \$21.3 million for the year ended September 30, 2022. Of this amount, the largest operating services areas were law enforcement which totaled \$8.4 million or 39% of total expenses for the year, and road and bridge which totaled \$4.3 million, or 20% of total expenses for the year. In the prior year, these two operating areas comprised 59.3% of total expenses. Costs related to general government (19%) continued to absorb a significant percentage of the County’s total expenses for the current year.

Governmental Functional Expenses



FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

As of the end of the fiscal year, Erath County’s governmental funds reported a combined fund balance of \$26.7 million, an increase of \$433,580 or 1.7% in comparison with the prior year. Approximately 52% of this total amount (\$13.8 million) is unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is restricted or committed, to indicate that it is not available for new spending because it has already been restricted or committed to: 1) special purposes by virtue of special revenue funds (\$12.7 million).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$14.0 million. Approximately \$13.8 million is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 81% of total General Fund expenditures. Erath County's General Fund balance increased by \$872,262 during the current fiscal year.

The Road and Bridge Fund had a fund balance of \$4.8 million at the end of the year, which is an increase of \$608,125 in fund balance from prior year fund balance of \$4.2 million.

The Grants Fund had a fund balance of \$85,523 at the end of the year, which is an increase of \$50,741 in fund balance from prior year fund balance of \$34,782.

The Capital Projects Fund had a fund balance of \$4.6 million at the end of the year, which is a decrease of \$1.6 million in fund balance from prior year fund balance of \$6.2 million.

Fund Budgetary Highlights

Over the course of the year, the County's General Fund budget was revised. Actual expenditures were \$2,511,162 below final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in general government, judicial, and law enforcement expenditures. Resources available were \$2,478,477 greater than the final budgeted amount. The revenue increases were primarily due to increased sales tax revenues.

Over the course of the year, the County's Road and Bridge Fund budget was revised. Actual expenditures were \$2,262,044 below final budgeted amounts. Positive variances from budgeted expenditures resulted from lower than expected road and bridge expenditures. Resources available were \$206,751 more than the final budgeted amount. The revenue increases were primarily due to higher other taxes.

Over the course of the year, the County's Grant Fund budget was not revised. Actual expenditures were in agreement with final budgeted amounts. Resources available were \$50,741 more than final budgeted amount. The revenue increases were primarily due to increased investment earnings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the County had invested \$26.7 million in a broad range of capital assets, including land, buildings, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$3.6 million, or 15.6% from last year.

Major events affecting capital assets during the year were:

- IT system upgrades
- Renovation to County buildings and a new Annex

More detailed information about the County's capital assets can be found in Note 5 of this report.

	Governmental Activities		Percent Change
	2022	2021	
Land	\$ 2,097,627	\$ 2,097,627	0.00%
Construction in progress	5,681,248	1,542,648	268.28%
Buildings and improvements	18,965,701	18,965,701	0.00%
Furniture and equipment	22,877,991	22,237,854	2.88%
Right-to-use leased assets	1,068,477	544,329	96.29%
Total	50,691,044	45,388,159	11.68%
Total accumulated depreciation	(23,959,950)	(22,262,229)	7.63%
Net Capital Assets	\$ 26,731,094	\$ 23,125,930	15.59%

Long-Term Debt

At the end of the year, the County had \$2.6 million of long-term obligations.

	Governmental Activities		Percent Change
	2022	2021	
Certificates of obligation	\$ 1,405,000	\$ 1,890,000	-26%
Leases Payable	874,201	544,329	61%
Compensated absences	290,381	244,523	19%
Total	\$ 2,569,582	\$ 2,678,852	-4%

During the year, Erath County's long-term obligations decreased by \$109,270.

The State limits the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation is approximately \$1.0 billion, which is significantly higher than the County's outstanding general obligation debt.

More detailed information about the County's long-term liabilities can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Erath County budget is developed annually and intended to provide efficient, effective, and controlled usage of the County's resources, as well as a means to accomplish the highest priorities of the Erath County Commissioners. Through the budget, the County Commissioners set the direction of the County, allocate its resources, and establish its priorities. The FY2023 Budget meets the key established policy directive of the Commissioners Court. The budget process was primarily focused on identifying various balancing strategies that impact services provided to the citizens of Erath County as minimally as possible.

Highlights from Erath County FY2023 Budget and anticipated expenses into FY2023 include the following:

The tax rate adopted for the 2023 budget was set at \$.4119 per hundred-dollar valuation which was decreased from \$.4355 per hundred-dollar property valuation in the prior year.

- Debt obligation will be decreased in FY 2023 by \$480,000 leaving a balance of \$925,000
- The County's required retirement funding rate continues to decrease as management focuses on reducing the overall liability of the pension fund. Erath County should have a net pension asset within the next few years as opposed to the liability many entities are carrying on their books relating to their pension obligations. Currently the required rate to fund the pension is 8.06% and the county elects to fund it at 9.42%. This additional funding will continue to decrease the cost associated with maintaining a sound retirement account and allows the county to use these future savings to provide additional services for Erath County residents.
- In early 2021 the federal government passed the American Rescue Plan Act (ARPA), which delivered funding to state, local and Tribal governments across the county to support with response to the COVID-19 public health emergency. The County received \$4.1 million in 2021 and \$4.1 million in 2022. With the implementation of the ARPA Final Rule's provisions the County is able to use ARPA Recovery funds to replace lost revenue, using the funds to provide government services. The County is successfully allocating the funds towards various public initiatives, including, public health and welfare, local non-profit entities for the enrichment of life for seniors and less fortunate individuals in the community, increased fire protection, and enhanced communications capabilities for essential service providers throughout the county and surrounding counties.
- The County will continue to modernize the Law Enforcement vehicle fleet by leasing new vehicles at a lower annual cost of maintenance and upfront replacement costs. Vehicles for other emergency service providers will be secured with this budget as well. Providing new vehicles at a lower annual cost for our law enforcement officers and emergency personnel provides safer conditions for our officers and more reliable service to the public.
- The County anticipates completing the construction of Annex III multi-purpose facility in mid-2023 at an estimated cost of \$7.5 million dollars. The 23,000 square foot multi-purpose facility will house all of the County Clerk's civil operations and the County Tax Assessor's motor vehicle and property tax operations. As of September 30, 2022 expenses of \$2,985,000 had been made toward the project.
- Additional staffing will be included in the 2023 budget for Law Enforcement to provide School Resource Officers at several of the community schools. A dedicated Human Resource Administrator, Sub-division Coordinator, Tax Office Clerk, and Emergency Medical Technician for preemptive medical analysis are some of the budgeted personnel changes being anticipated for the 2023 budget year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, consumers, investors and creditors with a general overview of Erath County's finances and to show the County's accountability for the money it receives. For questions concerning any information provided in this report, separate report for the County's component unit, or requests for additional financial information, contact the County Auditor, Erath County, Texas, 100 W. Washington, Stephenville, Texas, 76401.

Erath County, Texas
Statement of Net Position (Exhibit A-1)
September 30, 2022

	Primary Government Governmental Activities	Component Unit Erath County Volunteer Fire Department
Assets		
Cash and cash equivalents	\$ 35,604,304	\$ 80,995
Receivables (net of allowance for uncollectibles)		
Property taxes	210,788	-
Sales taxes	715,288	-
Other	250,243	-
Inventories	57,718	-
Prepaid expenses	88,096	-
Net pension asset	8,483,652	-
Capital assets		
Land	2,097,627	-
Construction in progress	5,681,248	-
Buildings and improvements, net	9,876,898	-
Furniture and fixtures, net	8,208,399	7,817
Right to use leased assets, net	866,922	-
Total assets	72,141,183	88,812
Deferred outflows of resources		
Deferred outflows - pension	2,158,402	-
Total deferred outflows	2,158,402	-
Liabilities		
Accounts payable and other current liabilities	1,202,808	-
Payroll liabilities	545,372	20,829
Accrued interest payable	13,712	-
Other liabilities	13,869	-
Unearned revenue	8,293,586	-
Noncurrent liabilities		
Due within one year	737,944	-
Due in more than one year	1,831,638	-
Total liabilities	12,638,929	20,829
Deferred inflows of resources		
Deferred inflows - pension	6,786,759	-
Total deferred inflows	6,786,759	-
Net Position		
Net investment in capital assets	24,451,893	7,817
Restricted for		
Grant	85,523	-
Road and bridge	4,858,823	-
Enabling legislation	2,740,760	-
Retirement of debt	54,807	-
Pension	3,855,295	-
Public safety	-	60,166
Construction	4,639,206	-
Unrestricted	14,187,590	-
Total net position	\$ 54,873,897	\$ 67,983

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental activities				
General government	\$ 4,055,914	\$ 770,445	\$ 63,469	\$ -
Judicial	1,059,639	209,028	22,979	-
Elections	63,483	27,740	-	-
Financial Administration	1,370,950	220,684	-	-
Legal	798,842	52,191	64,780	-
Law Enforcement	8,377,428	1,012,355	-	-
Road and bridge	4,267,095	443,336	44,958	-
Health and welfare	869,251	256,455	51,632	-
Parks and recreation	68,188	90,932	-	-
County extension service	317,986	-	-	-
Interest and fees on long-term debt	53,421	-	-	-
Total governmental activities	<u>21,302,197</u>	<u>3,083,166</u>	<u>247,818</u>	<u>-</u>
Total primary government	<u>\$ 21,302,197</u>	<u>\$ 3,083,166</u>	<u>\$ 247,818</u>	<u>\$ -</u>
Component Unit				
Erath County Volunteer Fire	\$ 489,417	\$ -	\$ 507,852	\$ -

Erath County, Texas
Statement of Activities (Exhibit A-2)
Year Ended September 30, 2022

	Net (Expense) Revenue and Changes in Net Position		Component Unit
	Primary Government		
	Governmental Activities	Total	Erath County Volunteer Fire Department
	\$ (3,222,000)	\$ (3,222,000)	
	(827,632)	(827,632)	
	(35,743)	(35,743)	
	(1,150,266)	(1,150,266)	
	(681,871)	(681,871)	
	(7,365,073)	(7,365,073)	
	(3,778,801)	(3,778,801)	
	(561,164)	(561,164)	
	22,744	22,744	
	(317,986)	(317,986)	
	(53,421)	(53,421)	
	(17,971,213)	(17,971,213)	
	(17,971,213)	(17,971,213)	
			\$ 18,435
General revenues			
Property taxes, levied for general purposes	17,230,226	17,230,226	-
Property taxes, levied for debt purposes	511,382	511,382	-
Sales and other taxes	4,678,857	4,678,857	-
Gain on sale of assets	117,527	117,527	-
Investment earnings	300,405	300,405	-
Miscellaneous income	402,793	402,793	-
Total general revenues	23,241,190	23,241,190	-
Change in net position	5,269,977	5,269,977	18,435
Net position at beginning of year, as restated	49,603,920	49,603,920	49,548
Net position at end of year	\$ 54,873,897	\$ 54,873,897	\$ 67,983

	General Fund	Road and Bridge Fund	Grants Fund
Assets			
Cash and investments	\$ 13,913,370	\$ 4,964,005	\$ 8,379,109
Receivables (net of allowances for uncollectibles)			
Property taxes	153,297	51,191	-
Sales taxes	715,288	-	-
Other	148,536	80,030	-
Fines and fees	12,491	-	-
Inventories	57,700	18	-
Prepaid expenses	76,292	10,000	-
Total assets	<u>\$ 15,076,974</u>	<u>\$ 5,105,244</u>	<u>\$ 8,379,109</u>
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable and other current liabilities	\$ 458,459	\$ 205,478	\$ -
Payroll liabilities	503,479	40,943	-
Unearned revenue	-	-	8,293,586
Other liabilities	13,869	-	-
Total liabilities	<u>975,807</u>	<u>246,421</u>	<u>8,293,586</u>
Deferred inflows of resources			
Unavailable revenue - property tax	137,911	46,893	-
Unavailable revenue - fines and fees	12,492	-	-
Total deferred inflows of resources	<u>150,403</u>	<u>46,893</u>	<u>-</u>
Fund balances			
Nonspendable			
Inventories	57,700	18	-
Prepaid items	76,292	10,000	-
Restricted for			
Grant	-	-	85,523
Road and bridge	-	4,801,912	-
Enabling legislation	-	-	-
Retirement of debt	-	-	-
Construction	-	-	-
Committed for			
Judicial	-	-	-
Unassigned	13,816,772	-	-
Total fund balances	<u>13,950,764</u>	<u>4,811,930</u>	<u>85,523</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,076,974</u>	<u>\$ 5,105,244</u>	<u>\$ 8,379,109</u>

See Notes to Financial Statements

Erath County, Texas
Balance Sheet – Governmental Funds (Exhibit A-3)
September 30, 2022

Capital Project Fund	Other Governmental Funds	Total Governmental Funds
5,158,855	\$ 3,188,965	\$ 35,604,304
-	6,300	210,788
-	-	715,288
-	-	228,566
-	9,186	21,677
-	-	57,718
-	1,804	88,096
<u>\$ 5,158,855</u>	<u>\$ 3,206,255</u>	<u>\$ 36,926,437</u>
519,649	\$ 19,222	\$ 1,202,808
-	950	545,372
-	-	8,293,586
-	-	13,869
<u>519,649</u>	<u>20,172</u>	<u>10,055,635</u>
-	5,758	190,562
-	-	12,492
<u>-</u>	<u>5,758</u>	<u>203,054</u>
-	-	57,718
-	1,804	88,096
-	-	85,523
-	-	4,801,912
-	2,740,760	2,740,760
-	62,761	62,761
4,639,206	-	4,639,206
-	375,000	375,000
-	-	13,816,772
<u>4,639,206</u>	<u>3,180,325</u>	<u>26,667,748</u>
<u>\$ 5,158,855</u>	<u>\$ 3,206,255</u>	<u>\$ 36,926,437</u>

Total Fund Balance - Governmental Funds		\$ 26,667,748
---	--	---------------

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Governmental capital assets	50,691,044	
Accumulated depreciation	<u>(23,959,950)</u>	26,731,094

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Similarly, the net pension asset is not reported in the funds

Certificates of obligation	(1,405,000)	
Compensated absences	(290,381)	
Lease liability	(874,201)	
Net pension asset	<u>8,483,652</u>	5,914,070

Interest payable on long-term debt does not require financial resources; therefore interest payable is not reported as a liability in the governmental funds balance sheet. (13,712)

Included in the items related to long-term liabilities is the recognition of the County's deferred outflow of resources, and deferred inflow of resources relating to its pension liability.

Deferred inflow of resources - pension	(6,786,759)	
Deferred outflow of resources - pension	<u>2,158,402</u>	(4,628,357)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

Unavailable revenue - office fees receivable	12,492	
Unavailable revenue - property taxes	<u>190,562</u>	<u>203,054</u>

Net Position of Governmental Activities - Statement of Net Position		<u><u>\$ 54,873,897</u></u>
---	--	-----------------------------

	General Fund	Road and Bridge Fund	Grants Fund
Revenues			
Taxes			
Property	\$ 12,938,406	\$ 4,367,601	\$ -
Other	4,298,436	380,421	-
Penalty and interest	133,277	45,400	-
Intergovernmental and grants	179,881	44,958	-
Fines and fees	2,374,237	467,776	-
Investment earnings	160,541	38,650	50,741
Miscellaneous	216,863	3,999	-
Total revenues	<u>20,301,641</u>	<u>5,348,805</u>	<u>50,741</u>
Expenditures			
Current			
General government	2,977,993	-	-
Judicial	1,016,082	-	-
Financial administration	1,521,430	-	-
Law enforcement	8,342,413	-	-
Elections	49,421	-	-
Legal	769,402	-	-
Road and bridge	-	4,100,139	-
Health and welfare	869,251	-	-
Culture and recreation	76,800	-	-
County extension services	339,274	-	-
Debt service			
Debt principal	177,760	16,516	-
Debt interest and agent fees	19,329	1,575	-
Capital outlay			
Capital outlay	931,372	760,938	-
Total expenditures	<u>17,090,527</u>	<u>4,879,168</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	3,211,114	469,637	50,741
Other financing sources (uses)			
Transfers in	12,000	-	-
Transfers out	(2,875,000)	-	-
Proceeds from lease issuance	524,148	-	-
Proceeds from sales of assets	-	138,488	-
Total other financing sources (uses)	<u>(2,338,852)</u>	<u>138,488</u>	<u>-</u>
Net change in fund balance	872,262	608,125	50,741
Fund balance at beginning of year, as restated	13,078,502	4,203,805	34,782
Fund balance at end of year	<u>\$ 13,950,764</u>	<u>\$ 4,811,930</u>	<u>\$ 85,523</u>

See Notes to Financial Statements

Erath County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5)

Year Ended September 30, 2022

Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 513,073	\$ 17,819,080
-	-	4,678,857
-	3,253	181,930
-	22,979	247,818
9,613	401,510	3,253,136
47,942	2,531	300,405
-	1	220,863
<u>57,555</u>	<u>943,347</u>	<u>26,702,089</u>
-	58,704	3,036,697
-	178,207	1,194,289
-	-	1,521,430
-	19,601	8,362,014
-	14,424	63,845
-	29,440	798,842
-	-	4,100,139
-	-	869,251
-	-	76,800
-	-	339,274
-	485,000	679,276
-	37,474	58,378
<u>4,138,600</u>	<u>-</u>	<u>5,830,910</u>
<u>4,138,600</u>	<u>822,850</u>	<u>26,931,145</u>
(4,081,045)	120,497	(229,056)
2,500,000	375,000	2,887,000
-	(12,000)	(2,887,000)
-	-	524,148
-	-	138,488
<u>2,500,000</u>	<u>363,000</u>	<u>662,636</u>
(1,581,045)	483,497	433,580
<u>6,220,251</u>	<u>2,696,828</u>	<u>26,234,168</u>
<u>\$ 4,639,206</u>	<u>\$ 3,180,325</u>	<u>\$ 26,667,748</u>

Erath County, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6)
Year Ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 433,580

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.

Capital outlay	5,830,910	
Principal payments on long-term debt and leases	<u>679,276</u>	6,510,186

Depreciation and amortization is not recognized as expenditures in governmental funds since neither require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position. (2,204,785)

Governmental funds recognize all amounts received on the sale of fixed assets as a gain. However, in the statement of activities, the gain or loss is offset by the remaining net book value of the disposed assets. (20,961)

Proceeds from leases are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements. (524,148)

Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's share of pension expense must be recognized.

Change in contributions made after measurement date	118,821	
Pension expense	<u>1,245,627</u>	1,364,448

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

Decrease in unavailable office fines and fees	(169,970)	
Increase in unavailable tax revenues	(77,472)	
Decrease in accrued interest	4,957	
Increase in compensated absences	<u>(45,858)</u>	<u>(288,343)</u>

Change in Net Position of Governmental Activities - Statement of Activities \$ 5,269,977

Erath County, Texas
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-7)
September 30, 2022

	<u>Custodial Funds</u>
Assets	
Cash and investments	<u>\$ 3,219,700</u>
Total assets	<u>3,219,700</u>
Liabilities	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Net position	
Restricted for individuals, organizations, or other governments	<u>3,219,700</u>
Total net position	<u>\$ 3,219,700</u>

Erath County, Texas
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-8)
September 30, 2022

	Custodial Funds
Additions	
Tax collections for other governments	\$ 68,276,414
Vehicle registration fees	10,820,465
Licenses, fees, fines for other governments	5,351,183
Collections for individuals and others	593,758
Total additions	85,041,820
Deductions	
Tax payments - other governments	68,300,072
Vehicle registration payments made to state	10,505,366
CSCD program costs	844,224
Other disbursements	5,355,648
Total deductions	85,005,310
Change in net position	36,510
Net position, beginning of year, as restated	3,183,190
Net position, end of year	\$ 3,219,700

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Erath County, Texas is a state mandated governmental unit of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, 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 as authorized by the statutes of the State of Texas: general, judicial (courts, juries, etc.), financial administration, elections, legal (district attorney, county attorney, etc.), law enforcement (sheriff, jail, etc.), road and bridge, health and welfare, parks and recreation, and county extension services.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either there is ongoing financial benefit or burden or operational responsibility. A primary government might also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has operational responsibility for an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of the fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Based on these criteria, the County has one component unit: the Erath County Volunteer Fire Department (VFD). The VFD is governed by a five-member board of directors approved by Commissioners' Court. Additional information about the VFD is contained in the MD&A. The County is not a component unit of any other reporting entity as defined by the GASB Statement. Complete financial statements of the VFD can be obtained from their administrative offices.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Erath County nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from custodial funds on the government-wide Statement of Net Position.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

The government-wide financial statements use 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 the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as a deferred inflow and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. The amount of taxes collected in the period 60 days subsequent to year end are recorded as current year revenue. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Fund Accounting

The County reports the following major governmental funds:

General Fund – The General Fund is the County’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Road & Bridge Fund – The Road and Bridge Fund is a special revenue fund that is used to receive and expend the property tax, farm to market taxes, and lateral road monies that are used for precinct road operations.

Grants Fund – The Grants Fund is a special revenue fund that is used to account for resources restricted by the grantor agencies.

Capital Projects Fund – The Capital Projects Fund is used to account for resources that are restricted for the payment of capital projects.

Additionally, the County reports the following non-major fund types:

Governmental Funds

Special Revenue Funds – The County uses these funds to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

Debt Service Fund – These funds are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt resulting from the construction of the County Jail.

Fiduciary Funds

Custodial Funds – The County accounts for resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of county wide appraisal districts and for the State Property Tax Board which commenced operation on January 1, 1980.

As of October 1, 1981, the appraisal of property within the County is the responsibility of Erath County Appraisal District. The Erath County Tax Assessor-Collector assesses and collects the County's property taxes. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District based on 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. Beginning with the 2020 property tax year and effective for the 2021 County budget year, a county may not raise the calculated tax rate which produces "No-New Revenue" from the previous tax year by more than 3.5% or the rate must be approved by the voters. The new terminology adopted by the State of Texas related to this Truth in Taxation bill is called "No-New Revenue" and "Voter-Approval" tax rates. In previous years these rates were called "Effective Tax" and "Roll-Back" tax rates. Debt service is not a component of the calculations when considering the Voter-Approval rates as the public already approved the debt rate through a vote.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

The tax rate assessed for the year ended September 30, 2022, to finance maintenance and operations of the county, service debt of the County, and Road and Bridge were \$0.3160, \$.0125, and \$0.1070 respectively, for a total of \$0.4355 per \$100 valuation.

Property tax revenues are recorded as receivables and deferred revenue at the time the tax levy is billed. Revenues are recognized as the related property taxes are collected and are prorated between maintenance and debt service based on the rates adopted for the year of the levy. Allowances for uncollectible within funds are based upon historical experience in collecting property taxes.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Generally, a capitalization threshold of \$5,000 and a useful life of two years or more is used.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30-40 years
Furniture and equipment	3-15 years

Right to use leased assets are recognized at the lease commencement date and represent the County's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 5 to 6 years.

Receivables and Payables Balances

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued as long-term debt in the government-wide statements.

County policy allows accrual of vacation and sick pay benefits for all employees other than elected and appointed officials. The expense of the benefits is recognized when incurred. Vacation pay is paid upon termination if the employee gives two weeks' notice or is terminated by the County.

Ten percent of sick pay is paid upon termination. At September 30, 2022, the value of accumulated vacation benefits was \$224,073 and the value of accumulated sick pay benefits was approximately \$66,308 for a total of \$290,381.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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. In fund financial statements, the face amount of debt issued is reported as other financing sources.

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the County.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to its pension plan for changes in assumptions and the difference between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan and for unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund is typically used to liquidate pension liabilities.

Fund Balance

The County classifies governmental fund balance in the following categories:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2022, the County had \$88,096 in nonspendable fund balance for prepaid items and \$57,718 in nonspendable fund balance for inventories.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance restricted for specific programs included grant, road and bridge, enabling legislation, retirement of debt and construction and totaled \$85,523, \$4,801,912, \$2,740,760, \$62,761, and \$4,639,206, respectively, as of September 30, 2022.

Committed fund balance is established, rescinded, and modified by a resolution from the Commissioners Court and can be used only for the specified purposes determined by the Court's resolution. Fund balance committed for judicial purposes totaled \$375,000 at September 30, 2022.

Assigned fund balance is intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed. Fund balance can be assigned by the Commissioners Court or by a Court designee. At September 30, 2022, the County had no assigned fund balance.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

The County uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The County aims to maintain the following minimum fund balances:

General fund: Unassigned fund balance of approximately 20-30% of budgeted expenditures for the fiscal year, to be used for unanticipated needs.

Net Position

Net position represents the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources. The County's net position is composed of the following:

Net investment in capital assets is the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvements of these capital assets.

Restricted is the component of net position that reports the difference between assets and liabilities that are subject to externally enforceable legal restrictions.

Unrestricted is the component of net position that reports the difference between the assets and liabilities that are not reported in net position invested in capital assets or restricted net position.

The County uses restricted amounts first when both restricted and unrestricted net position is available.

Implementation of GASB Statement No. 87

As of October 1, 2021, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 12 and the additional disclosures required by this standard is included in Note 7 and 10.

Note 2 - Fair Value Measurements

GASB Statement No. 72, Fair Value Measurement and Application, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Investment valuation techniques are used to determine fair value. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 3 - Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

A. Deposits

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance.

B. Investments

The Public Funds Investment Act (the Act), (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in: (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Local government investment pools operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices.

At September 30, 2022, the carrying amount of all deposits and investments held by the County was:

	<u>Carrying Value</u>	<u>Maturity</u>	<u>Credit Quality Rating</u>
Pooled cash	\$ 7,769,340	N/A	N/A
TexPool	<u>31,054,664</u>	<60 days - Weighted Avg.	AAAm
	<u>\$ 38,824,004</u>		

The County is a voluntary participant in the TexPool external investment pool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. KPMG Peat Marwick, 111 Congress Avenue, Suite 1100, Austin, Texas 78701 performs the annual audit. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office.

C. Investment Accounting Policy

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk – Deposits

This is the risk that in the event of bank failure, the County’s deposits may not be returned to it. The County’s policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2022 were covered by depository insurance or by pledged collateral held by the County’s agent bank in the County’s name.

Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

Concentration of Credit Risk

The County's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

Note 4 - Receivables

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes	Sales Tax	Fines and Fees	Other Receivables	Total Receivables
Governmental Funds					
General fund	\$ 245,257	\$ 715,288	\$ 124,907	\$ 148,536	\$ 1,233,988
Road & bridge	82,775	-	-	80,030	162,805
Nonmajor governmental funds	10,675	-	9,186	-	19,861
Gross receivables	338,707	715,288	134,093	228,566	1,416,654
Less: allowance for uncollectibles	(127,919)	-	(112,416)	-	(240,335)
Total governmental funds	<u>210,788</u>	<u>715,288</u>	<u>21,677</u>	<u>228,566</u>	<u>1,176,319</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 190,562</u>	<u>\$ -</u>	<u>\$ 12,492</u>	<u>\$ -</u>	<u>\$ 203,054</u>

Note 5 - Capital Assets

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

	Beginning Balance (Restated)	Additions	Retirements	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 2,097,627	\$ -	\$ -	\$ 2,097,627
Construction in progress	1,542,648	4,138,600	-	5,681,248
Total non-depreciable assets	3,640,275	4,138,600	-	7,778,875
Depreciable assets				
Buildings and improvements	18,965,701	-	-	18,965,701
Furniture and equipment	22,237,854	1,168,162	(528,025)	22,877,991
Total depreciable assets	41,203,555	1,168,162	(528,025)	41,843,692
Total at historic cost	44,843,830	5,306,762	(528,025)	49,622,567
Less accumulated depreciation				
Buildings and improvements	8,604,343	484,460	-	9,088,803
Furniture and equipment	13,657,886	1,518,770	(507,064)	14,669,592
Total accumulated depreciation	22,262,229	2,003,230	(507,064)	23,758,395
Net depreciable capital assets	18,941,326	(835,068)	(20,961)	18,085,297
Right-to-use leased assets being amortized				
Furniture and equipment	544,329	524,148	-	1,068,477
Total right-to-use leased assets	544,329	524,148	-	1,068,477
Less accumulated amortization				
Furniture and equipment	-	201,555	-	201,555
Total accumulated amortization	-	201,555	-	201,555
Net right-to-use leased assets	544,329	322,593	-	866,922
Governmental activities capital assets, net	<u>\$ 23,125,930</u>	<u>\$ 3,626,125</u>	<u>\$ (20,961)</u>	<u>\$ 26,731,094</u>

Depreciation and amortization was charged to functions as follows:

General government	\$ 1,003,003
Judicial	61,132
Law enforcement	728,821
Road and bridge	<u>411,829</u>
	<u><u>\$ 2,204,785</u></u>

Capital asset activity for the discretely presented component unit (Erath County Volunteer Fire Department) was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Discretely presented component unit (VFD)				
Depreciable assets				
Furniture and equipment	\$ 124,264	\$ 1,264	\$ -	\$ 125,528
Total depreciable assets	<u>124,264</u>	<u>1,264</u>	<u>-</u>	<u>125,528</u>
Less accumulated depreciation				
Furniture and equipment	(112,190)	(5,521)	-	(117,711)
Total accumulated depreciation	<u>(112,190)</u>	<u>(5,521)</u>	<u>-</u>	<u>(117,711)</u>
Net depreciable capital assets	<u><u>\$ 12,074</u></u>	<u><u>\$ (4,257)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,817</u></u>

Note 6 - Interfund Balances and Activity

Transfers to and From Other Funds

Transfers to and from other funds at September 30, 2022, consisted of the following:

Transfers from General fund to:	
Capital projects fund	\$ 2,500,000
Nonmajor special revenue funds	375,000
	<u>\$ 2,875,000</u>
Transfers from nonmajor special revenue funds to:	
General fund	\$ 12,000
	<u>\$ 12,000</u>

Transfers from the general fund provide additional funding for special projects. Transfers from nonmajor special revenue funds were to release funds to appropriate agencies and departments.

Note 7 - Long-Term Obligations

The County’s long-term debt consists of certificates of obligation and leases payable. Other long-term debt consists of the accrued liability for employee vested compensated absences. Expenditures for the debt service requirements of the certificates of obligation are accounted for in the Debt Service Fund. Expenditures for the debt service requirements of the leases are accounted for in the General Fund and the Road and Bridge Fund. The general fund is typically used to liquidate the liabilities for compensated absences.

A. Certificates of Obligation

During the year ended September 30, 2010, the Erath County Commissioners’ Court determined that certificates of obligation should be issued pursuant to the provisions of the Certificates of Obligation Act of 1971, Section 271.046, Texas Local Government Code, for the purpose of (1) construction and renovation of the Erath County Jail and (2) professional services rendered in relation to the building project and the financing thereof. The County issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2010 to provide funds for the aforementioned projects including the renovation and making improvements to the County Jail building, and to pay costs related to the issuance of the Certificates. The County issued the General Obligation Refunding Bonds, Series 2020 dated January 1, 2020, due in annual installments through April 1, 2025, bearing an interest rate of 1.99%.

The following are certificates outstanding at September 30, 2022:

	Interest Rate	Date of Issue	Date of Maturity	Amount Outstanding
Certificates of Obligation, Series 2020	1.99%	2020	2025	\$ 1,405,000

The following table summarizes the annual debt requirements of the certificates of obligation at September 30, 2022, to maturity:

Year Ending September 30	Principal	Interest	Requirements
2023	\$ 480,000	\$ 27,960	\$ 507,960
2024	470,000	18,408	488,408
2025	455,000	9,055	464,055
Total	\$ 1,405,000	\$ 55,423	\$ 1,460,423

Current requirements for indebtedness of the County are accounted for in the Debt Service Fund.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2022, are as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds, loans and leases payable					
Certificate of Obligations, Series 2010	\$ 1,890,000	\$ -	\$ (485,000)	\$ 1,405,000	\$ 480,000
Leases	544,329	524,148	(194,276)	874,201	257,944
Other liabilities					
Compensated absences	244,523	548,401	(502,543)	290,381	-
Total Governmental Activities	\$ 2,678,852	\$ 1,072,549	\$ (1,181,819)	\$ 2,569,582	\$ 737,944

Remaining principal and interest payments on leases are as follows:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2023	\$ 257,944	\$ 17,548	\$ 275,492
2024	259,210	11,276	270,486
2025	214,688	5,463	220,151
2026	118,371	1,229	119,600
2027	23,988	120	24,108
Total	\$ 874,201	\$ 35,636	\$ 909,837

Note 8 - Risk Management

The County has risk exposure in various areas including general liability, workers compensation, automobile liability, property damage, etc. To reduce its risk exposure in these areas, the County is a member of Texas Association of Counties Risk Pool ("the Pool") for liability, property, and worker's compensation. The Pool is a public entity risk pool and was created based on the general objectives of formulating, developing, and administering a program of self-insurance for membership and obtaining lower costs for coverage. The Pool coverage is offered through interlocal agreements between the Pool and counties. The Pool has the power to establish fees, contributions and methods for establishing rates. Under contract with the Pool, the Association provides for such services as claims administration and management, underwriting, loss control services and training and financial reporting for its members. The Association submits sealed bids to counties during the bid process. The Pool is governed by a Board of Directors made up of employees or officials of counties, which are members of the Pool. Member counties make contributions to the Pool, and the Pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the Pool are detailed in a separate document, which can be obtained from the Texas Association of Counties, 1210 San Antonio Street, Austin, TX 78701.

Health Care

During the year ended September 30, 2022, the employees of the County were covered by a health insurance plan. Employees had the option of participating in PPO provider plan. Employees, at their option, authorize payroll withholdings to pay remaining premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51.2 of the Texas Insurance Code and was documented by contractual agreement.

Note 9 - Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 830 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at <https://www.tcdrs.org>.

Benefits Provided

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years 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. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the County's Board within certain guidelines.

Membership

County membership in the TCDRS plan at December 31, 2021 consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	130
Entitled to but not yet receiving benefits	181
	181
Total	311
 Active Employees' Accounts	 211

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Contribution Rates	2021	2022
Member	7.00%	7.00%
Employer	8.20%	9.20%
 Employer contributions	 \$ 576,086	 \$ 870,625
Member contributions	491,969	661,431

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.0 years
Asset valuation method	5 year smoothed market
Discount rate	7.60%
Long-term expected investment rate of return*	7.50%
Salary increases*	4.70%, average
Payroll growth rate	3.00%

**Includes inflation of 2.50%*

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
less than 25	0.001%	0.000%
25	0.001	0.003
26	0.001	0.006
27	0.001	0.009
28	0.001	0.011
29	0.001	0.013
30	0.001	0.014
31	0.001	0.016
32	0.001	0.018
33	0.001	0.020
34	0.001	0.023
35	0.001	0.025
36	0.001	0.028
37	0.001	0.030
38	0.001	0.034
39	0.001	0.038
40	0.001	0.042
41	0.001	0.046
42	0.001	0.050
43	0.001	0.058
44	0.001	0.066
45	0.001	0.074
46	0.001	0.082
47	0.001	0.090
48	0.001	0.099
49	0.001	0.108
50	0.001	0.117
51	0.001	0.126
52	0.001	0.135
53	0.001	0.144
54	0.001	0.153
55	0.001	0.162
56	0.001	0.171
57	0.001	0.180
58	0.001	0.189
59	0.001	0.198
60 and above	-	-

Mortality rates for depositing members were based on 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 were based on 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 were based on 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirement rates for males and females were as follows:

Age	Active Scv				Deferred
	Active Scv<15	15-24	25-29	30+	All Svc
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50-51	5.6	6.8	8.3	9.4	-
52-53	6.0	7.2	8.8	10.0	-
54-56	6.8	8.1	9.9	11.3	-
57-59	7.5	9.0	11.0	12.5	-
60-61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63-64	11.3	13.5	16.5	18.8	15.0
65-66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68-69	18.9	18.9	23.1	23.1	21.0
70-74	20.7	20.7	25.3	25.3	23.0
75 & Above	100.0	100.0	100.0	100.0	100.0

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017 - 2020. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2021.

There were no changes in methods or assumptions reflected in the December 31, 2021 actuarial valuation.

Discount Rate

The discount rate used to measure the total pension liability did not change from the rate used in the prior year valuation, 7.60%.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the information noted on the prior page, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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 January 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 based on a long term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation ^a	Geometric Real Rate of Return ^b
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) Index	5.00%	3.80%
International Equities – Emerging	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ^c	4.00%	4.50%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ^d	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index ^e	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%

^a Target asset allocation adopted at the March 2022 TCDRS Board meeting.

^b Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater’s 2022 capital market assumptions.

^c Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

^d Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

^e Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

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

At September 30, 2022, the County reported a net pension asset of \$8,483,652 for its net pension asset measured at December 31, 2021. For the year ended September 30, 2022, the County recognized pension income of \$597,940.

Changes to the real rate of return, inflation, long-term investment return, and the payroll growth assumptions affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension liability/(asset) for the year ended December 31, 2021 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2020	\$ 48,022,845	\$ 49,395,735	\$ (1,372,890)
Changes for the year			
Service cost	1,292,711	-	1,292,711
Interest on total pension liability ^f	3,668,477	-	3,668,477
Effect of plan changes ^g	-	-	-
Effect of economic/demographic gains or losses	207,170	-	207,170
Effect of assumptions changes or inputs	(177,008)	-	(177,008)
Refund of contributions	(82,757)	(82,757)	-
Benefit payments	(2,048,517)	(2,048,517)	-
Administrative expenses	-	(32,118)	32,118
Member contributions	-	643,366	(643,366)
Net investment income	-	10,763,308	(10,763,308)
Employer contributions	-	735,275	(735,275)
Other ^h	-	(7,719)	7,719
Balances as of December 31, 2021	<u>\$ 50,882,921</u>	<u>\$ 59,366,573</u>	<u>\$ (8,483,652)</u>

^fReflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

^gNo plan changes valued.

^hRelates to the allocation of system-wide items.

Discount Rate Sensitivity Analysis

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

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 57,361,629	\$ 50,882,921	\$ 45,434,197
Fiduciary net position	59,366,573	59,366,573	59,366,573
Net pension liability / (asset)	\$ (2,004,944)	\$ (8,483,652)	\$ (13,932,376)

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 63,128	\$ 138,113
Changes of assumptions	118,005	1,325,363
Net difference between projected and actual earnings	6,605,626	-
Contributions paid to TCDRS subsequent to the measurement date	-	694,926
Total	\$ 6,786,759	\$ 2,158,402

\$694,926 reported as deferred outflows of resources related to pensions resulting from contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2023. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 31	
2023	\$ (814,382)
2024	(1,530,556)
2025	(1,570,586)
2026	(1,407,759)
2027	-
Thereafter	-
Total	\$ (5,323,283)

Note 10 - Leases

The County has entered into forty lease agreements for various vehicles, copiers, and other equipment. The leases range in terms from 22 to 60 months and the County is required to make monthly principal and interest payments ranging from \$60 to \$1,320 through January 2027. The lease liabilities were valued using discount rates between 0.328% and 4.80% based on the County's incremental borrowing rate at the inception of the leases.

Note 11 - Tax Abatements

As of September 30, 2022, Erath County provides tax abatements through the Texas Property Redevelopment and Tax Abatement Act, V.A.T.S Tax Code Chapter 312: The Texas Property Redevelopment and Tax Abatement Act Chapter 312 of the Tax Code authorizes local taxing units, other than school districts, at their discretion to offer temporary property tax exemptions for improvements to existing property. For Texas Counties, property may be exempted for up to 10 years with property tax exemptions at an amount up to 100%.

Texas Law - Article VIII, Section 1-g (a) The Legislature by general law may authorize cities, towns, and other taxing units to grant exemptions or other relief from ad valorem taxes on property located in a reinvestment zone for the purpose of encouraging development or redevelopment and improvement of the property.

Erath County has two such abatements as of September 30, 2022:

Equibrand Products Group LP

Established	2018
Expiration	2026
Term	9 years
Abated value of real property	\$ 3,529,170
Abated value of personal property	\$ 1,646,690
Property taxes abated	\$ 22,541
Abatement percent real property	Variable 100% in year one to 25% in year nine
Abatement percent equipment	Variable 100% in year one to 25% in year nine

FMC Technologies, Inc (FMCTEHNIP)

Established	2021
Expiration	2031
Term	10 years
Abated value of real property	\$ 2,500,000
Abated value of personal property	\$ 3,000,000
Property taxes abated	\$ 23,953
Abatement percent real property	Variable 70% in year one to 50% in year ten
Abatement percent equipment	Variable 70% in year one to 50% in year ten

Note 12 - Adoption of New Standard

As of October 1, 2021, the County adopted GASB Statement No. 87, *Leases* (GASB 87). The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	Governmental Activities
Net position at October 1, 2021, as previously reported	\$ 49,518,820
Add right-to-use intangible asset, net of amortization under GASB Statement No. 87 at October 1, 2021	544,329
Add lease liability under GASB Statement No. 87 at October 1, 2021	(544,329)
Net position at October 1, 2021, as restated	\$ 49,518,820

Note 13 - Restatement of Prior Year Balances

During the year ended September 30, 2022, the County identified certain custodial funds that were not previously included in the statement of fiduciary net position and as a result custodial cash and cash equivalents was understated as of September 30, 2021. As a result, the County has restated net position of custodial funds as of October 1, 2021 to reflect these corrections. The following table describes the effects of the prior period adjustment on beginning net position.

	Custodial Funds Net Position
Net position at October 1, 2021, as previously reported	\$ 2,346,069
Addition of custodial funds not reported in previously issued financial statements	837,121
Net position at October 1, 2021, as restated	\$ 3,183,190

During the year ended September 30, 2022, the County identified an understatement of general fund balance and overstatement of grant fund balance that was the result of recording grant fund expenditures in the general fund and grant fund revenue in the general fund. Additionally, the County identified that a sale of an asset was completed prior to September 30, 2021, but had not been recorded in the previous fiscal year. As a result, the County has restated fund balance and net position as of October 1, 2021 to reflect these corrections.

	General Fund	Road & Bridge Fund	Grant Fund	Total Governmental Funds	Governmental Activities
Net position/fund balance at October 1, 2021, as previously reported	\$12,576,121	\$ 4,118,705	\$ 537,163	\$ 26,149,068	\$ 49,518,820
Reclassification of grant expenses	502,381	-	(502,381)	-	-
Recognition of sale of asset	-	85,100	-	85,100	85,100
Net position/fund balance at October 1, 2021, as restated	<u>\$13,078,502</u>	<u>\$ 4,203,805</u>	<u>\$ 34,782</u>	<u>\$ 26,234,168</u>	<u>\$ 49,603,920</u>



Required Supplementary Information
September 30, 2022

Erath County, Texas

Erath County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended September 30, 2022

	Budget Amounts		Actual	Variance from Final Budget
	Original Budget	Final Budget		
Revenues				
Taxes				
Property taxes	\$ 12,883,509	\$ 12,883,509	\$ 12,938,406	\$ 54,897
Other taxes	2,785,000	2,785,000	4,298,436	1,513,436
License and permits	70,000	70,000	133,277	63,277
Intergovernmental and grants	233,200	262,055	179,881	(82,174)
Fines and fees	2,374,237	1,780,000	2,374,237	594,237
Rents and recoveries	-	-	-	-
Investment earnings	25,000	25,000	160,541	135,541
Miscellaneous	-	17,600	216,863	199,263
Total revenues	18,370,946	17,823,164	20,301,641	2,478,477
Expenditures				
Current				
General government	4,528,653	4,404,518	2,977,993	1,426,525
Judicial	1,051,256	1,051,256	1,016,082	35,174
Elections	98,057	98,057	49,421	48,636
Financial administration	1,639,675	1,644,675	1,521,430	123,245
Law enforcement	9,028,433	9,215,113	8,342,413	872,700
Legal	922,777	923,607	769,402	154,205
Health care	1,133,283	1,133,283	869,251	264,032
Parks and recreation	87,300	87,300	76,800	10,500
County extension	428,235	428,265	339,274	88,991
Debt service				
Debt principal	-	-	177,760	(177,760)
Debt interest and agent fees	-	-	19,329	(19,329)
Capital outlay				
Capital outlay	637,640	615,615	931,372	(315,757)
Total expenditures	19,555,309	19,601,689	17,090,527	2,511,162
Excess revenues over expenditures	(1,184,363)	(1,778,525)	3,211,114	4,989,639
Other financing sources				
Transfers, net	(2,360,619)	(2,360,619)	(2,863,000)	(502,381)
Proceeds from lease issuance	-	-	524,148	524,148
Total other financing uses	(2,360,619)	(2,360,619)	(2,338,852)	21,767
Net change in fund balance	(3,544,982)	(4,139,144)	872,262	5,011,406
Fund balance at beginning of year, as restated	13,078,502	13,078,502	13,078,502	-
Fund balance at end of year	<u>\$ 9,533,520</u>	<u>\$ 8,939,358</u>	<u>\$ 13,950,764</u>	<u>\$ 5,011,406</u>

Erath County, Texas
 Budgetary Comparison Schedule – Road and Bridge Fund (Exhibit B-2)
 Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes				
Property	\$ 4,350,554	\$ 4,350,554	\$ 4,367,601	\$ 17,047
Other	250,000	250,000	380,421	130,421
Penalty and interest	33,000	33,000	45,400	12,400
Intergovernmental	60,000	60,000	44,958	(15,042)
Fines and fees	445,000	445,000	467,776	22,776
Interest	3,500	3,500	38,650	35,150
Other revenue	-	-	3,999	3,999
Total revenues	5,142,054	5,142,054	5,348,805	206,751
Expenditures				
Current				
Road and bridge	5,791,212	5,861,112	4,100,139	1,760,973
Debt service				
Principal	-	-	16,516	(16,516)
Interest	-	-	1,575	(1,575)
Capital outlay				
Capital outlay	1,350,000	1,280,100	760,938	519,162
Total expenditures	7,141,212	7,141,212	4,879,168	2,262,044
(Deficiency) of revenues (under) expenditures	(1,999,158)	(1,999,158)	469,637	2,468,795
Other financing sources				
Proceeds from sales of assets	-	-	138,488	138,488
Total other financing sources	-	-	138,488	138,488
Net change in fund balance	(1,999,158)	(1,999,158)	608,125	2,607,283
Fund balance at beginning of year, as restated	4,203,805	4,203,805	4,203,805	-
Fund balance at end of year	\$ 2,204,647	\$ 2,204,647	\$ 4,811,930	\$ 2,607,283

Erath County, Texas
 Budgetary Comparison Schedule – Grant Fund (Exhibit B-3)
 Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	50,741	50,741
Total revenues	-	-	50,741	50,741
Expenditures				
Current				
Elections	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	50,741	50,741
Other financing sources				
Transfers out	(502,381)	(502,381)	-	502,381
Transfers, net	-	-	-	-
Total other financing sources	(502,381)	(502,381)	-	502,381
Net change in fund balance	(502,381)	(502,381)	50,741	553,122
Fund balance at beginning of year, as restated	34,782	34,782	34,782	-
Fund balance at end of year	\$ (467,599)	\$ (467,599)	\$ 85,523	\$ 553,122

Erath County, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System (Exhibit B-4)
September 30, 2022

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Pension Liability					
Service cost	\$ 1,292,711	\$ 1,109,757	\$ 991,279	\$ 991,086	\$ 1,082,729
Interest on total pension liability	3,668,477	3,487,566	3,296,393	3,096,296	2,924,113
Effect of plan changes	-	-	-	154,655	-
Effect of assumption changes or inputs	(177,008)	2,650,725	-	-	171,604
Effect of economic/demographic (gains) or losses	207,170	(98,372)	(55,778)	11,290	(261,794)
Benefit payments/refund of contributions	(2,131,274)	(2,105,892)	(1,878,942)	(1,691,087)	(1,707,180)
Net change in total pension liability	2,860,076	5,043,784	2,352,952	2,562,240	2,209,472
Total pension liability, beginning	48,022,845	42,979,061	40,626,109	38,063,869	35,854,397
Total pension liability, ending (a)	<u>\$ 50,882,921</u>	<u>\$ 48,022,845</u>	<u>\$ 42,979,061</u>	<u>\$ 40,626,109</u>	<u>\$ 38,063,869</u>
Fiduciary Net Position					
Employer contributions	\$ 735,275	\$ 4,591,033	\$ 894,716	\$ 1,645,365	\$ 841,433
Member contributions	643,366	638,165	603,956	564,644	547,908
Investment income (loss) net of investment expenses	10,763,308	4,332,786	5,966,791	(674,137)	4,688,430
Benefit payments/refund of contributions	(2,131,274)	(2,105,892)	(1,878,942)	(1,691,087)	(1,707,180)
Administrative expenses	(32,118)	(36,145)	(31,914)	(29,182)	(24,272)
Other	(7,719)	96,572	(7,185)	19,125	(4,488)
Net change in fiduciary net position	9,970,838	7,516,519	5,547,422	(165,272)	4,341,831
Fiduciary net position, beginning	49,395,735	41,879,216	36,331,794	36,497,066	32,155,235
Fiduciary net position, ending (b)	<u>\$ 59,366,573</u>	<u>\$ 49,395,735</u>	<u>\$ 41,879,216</u>	<u>\$ 36,331,794</u>	<u>\$ 36,497,066</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (8,483,652)</u>	<u>\$ (1,372,890)</u>	<u>\$ 1,099,845</u>	<u>\$ 4,294,315</u>	<u>\$ 1,566,803</u>
Fiduciary net position as a percentage of total pension liability	116.67%	102.86%	97.44%	89.43%	95.88%
Pensionable covered payroll	\$ 9,190,943	\$ 9,116,644	\$ 8,627,939	\$ 8,066,342	\$ 7,827,256
Net pension liability as a percentage of covered payroll	-92.30%	-15.06%	12.75%	53.24%	20.02%

Note: Plan information was unavailable prior to 2014.

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability			
Service cost	\$ 1,061,170	\$ 909,594	\$ 917,752
Interest on total pension liability	2,686,025	2,503,916	2,291,796
Effect of plan changes	-	664,792	-
Effect of assumption changes or inputs	-	338,995	-
Effect of economic/demographic (gains) or losses	180,055	(395,640)	39,025
Benefit payments/refund of contributions	(1,399,555)	(1,313,254)	(930,118)
Net change in total pension liability	2,527,695	2,708,403	2,318,455
Total pension liability, beginning	33,326,702	30,618,299	28,299,844
Total pension liability, ending (a)	<u>\$ 35,854,397</u>	<u>\$ 33,326,702</u>	<u>\$ 30,618,299</u>
Fiduciary Net Position			
Employer contributions	\$ 862,429	\$ 1,354,107	\$ 1,285,545
Member contributions	541,435	513,054	508,998
Investment income (loss) net of investment expenses	2,208,516	(120,627)	1,852,972
Benefit payments/refund of contributions	(1,399,555)	(1,313,254)	(930,118)
Administrative expenses	(24,004)	(21,304)	(21,569)
Other	185,453	55,414	(1,334)
Net change in fiduciary net position	2,374,274	467,390	2,694,494
Fiduciary net position, beginning	29,780,961	29,313,571	26,619,077
Fiduciary net position, ending (b)	<u>\$ 32,155,235</u>	<u>\$ 29,780,961</u>	<u>\$ 29,313,571</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 3,699,162</u>	<u>\$ 3,545,741</u>	<u>\$ 1,304,728</u>
Fiduciary net position as a percentage of total pension liability	89.68%	89.36%	95.74%
Pensionable covered payroll	\$ 7,734,783	\$ 7,329,338	\$ 7,064,263
Net pension liability as a percentage of covered payroll	47.83%	48.38%	18.47%

Note: Plan information was unavailable prior to 2014.

Erath County, Texas

Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-5)

September 30, 2022

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2013	\$ 755,633	\$ 755,633	\$ -	\$ 7,251,806	10.4%
2014	745,200	745,200	-	6,893,642	10.8%
2015	785,545	1,285,545	(500,000)	7,064,263	18.2%
2016	779,107	1,354,107	(575,000)	7,329,338	18.5%
2017	862,429	862,429	-	7,734,783	11.2%
2018	841,433	841,433	-	7,827,256	10.8%
2019	895,365	1,645,365	(750,000)	8,066,342	20.4%
2020	894,716	894,716	-	8,627,939	10.4%
2021	1,011,036	4,591,033	(3,579,997)	9,116,644	50.4%
2022	755,921	870,625	(114,704)	9,449,018	9.2%

See Notes to Required Supplementary Information

Note 1 - Budgetary Information

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

1. The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means of financing them for the succeeding year, and delivers the proposed budget to Commissioners Court.
2. Commissioners Court holds budget sessions with each department head.
3. Commissioners Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners Court formally adopts the budget in the open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by commissioners in accordance with article 689A 11 or 689A 20 of Vernon's Annotated Civil Statutes.
7. Annual budgets are legally adopted for the General Fund and Special Revenue Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles.
8. An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted prior to October 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2022 budget were approved by the Commissioners Court as provided by law.
9. Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriations between line items. Budget revisions and the line item transfers are subject to final review by the Commissioners Court. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end. The capital projects fund has a project length budget and is not budgeted by fiscal year.

The following expenditures exceeded appropriations in the final budgets:

	Final Budget	Actual	Expenditures Exceed Appropriations
General Fund			
Debt service			
Debt principal	\$ -	\$ 177,760	\$ 177,760
Debt interest	-	19,329	19,329
Capital outlay	615,615	931,372	315,757
Road and Bridge Fund			
Debt service			
Debt principal	\$ -	\$ 16,516	\$ 16,516
Debt interest	-	1,575	1,575

Note 2 - Net Pension Liability – Texas County & District Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	4.9 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 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 services 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 of Assumptions

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.



Supplementary Information
September 30, 2022
Erath County, Texas

	Judicial	Law Library	Jury	Contractual Elections	Court Reporter
Assets					
Cash and investments	\$ 525,559	\$ 163,669	\$ 10,289	\$ 135,101	\$ 9,381
Accounts receivable, net	7,660	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 533,219</u>	<u>\$ 163,669</u>	<u>\$ 10,289</u>	<u>\$ 135,101</u>	<u>\$ 9,381</u>
Liabilities					
Accounts payable	\$ 5,433	\$ 415	\$ 4,817	\$ 6,771	\$ -
Payroll liabilities	-	-	-	-	-
Total liabilities	<u>5,433</u>	<u>415</u>	<u>4,817</u>	<u>6,771</u>	<u>-</u>
Deferred inflows of resources					
Unavailable property tax	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted for					
Enabling legislation	152,786	163,254	5,472	128,330	9,381
Retirement of debt	-	-	-	-	-
Committed for					
Judicial	375,000	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>527,786</u>	<u>163,254</u>	<u>5,472</u>	<u>128,330</u>	<u>9,381</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 533,219</u>	<u>\$ 163,669</u>	<u>\$ 10,289</u>	<u>\$ 135,101</u>	<u>\$ 9,381</u>

Erath County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2022

Records Management- County	Records Management- County Clerk	Archived Records - County Clerk	Records Preservation - County Clerk	Records Management- District Clerk
\$ 254,263	\$ 891,290	\$ 241,112	\$ 14,742	\$ 58,723
-	-	-	-	-
-	-	-	-	-
\$ 254,263	\$ 891,290	\$ 241,112	\$ 14,742	\$ 58,723
\$ -	\$ 8	\$ -	\$ -	\$ -
-	23	-	-	-
-	31	-	-	-
-	-	-	-	-
-	-	-	-	-
254,263	891,259	241,112	14,742	58,723
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
254,263	891,259	241,112	14,742	58,723
\$ 254,263	\$ 891,290	\$ 241,112	\$ 14,742	\$ 58,723

	Records Preservation - District Clerk	Specialty Court - County	Technology - CC	Technology - DC	Technology - JP 1
Assets					
Cash and investments	\$ 14,427	\$ 10,879	\$ 5,389	\$ 32,775	\$ 146,593
Accounts receivable, net	-	-	-	-	-
Prepaid expenses	-	-	-	-	1,804
Total assets	<u>\$ 14,427</u>	<u>\$ 10,879</u>	<u>\$ 5,389</u>	<u>\$ 32,775</u>	<u>\$ 148,397</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable property tax	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	1,804
Restricted for					
Enabling legislation	14,427	10,879	5,389	32,775	146,593
Retirement of debt	-	-	-	-	-
Committed for					
Judicial	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>14,427</u>	<u>10,879</u>	<u>5,389</u>	<u>32,775</u>	<u>148,397</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 14,427</u>	<u>\$ 10,879</u>	<u>\$ 5,389</u>	<u>\$ 32,775</u>	<u>\$ 148,397</u>

Erath County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2022

Technology - JP II	Security - Courthouse	Security Justice Court I	Security Justice Court II	Pretrial Intervention - County Attorney
\$ 29,598	\$ 281,734	\$ 24,462	\$ 5,310	\$ 104,625
-	-	-	-	-
-	-	-	-	-
\$ 29,598	\$ 281,734	\$ 24,462	\$ 5,310	\$ 104,625
\$ -	\$ 713	\$ -	\$ -	\$ -
-	-	-	-	889
-	713	-	-	889
-	-	-	-	-
-	-	-	-	-
29,598	281,021	24,462	5,310	103,736
-	-	-	-	-
-	-	-	-	-
29,598	281,021	24,462	5,310	103,736
\$ 29,598	\$ 281,734	\$ 24,462	\$ 5,310	\$ 104,625

	Supplemental Court Initiated Guardianship	Child Abuse Prevention - County	Local Truancy Prevention - Diversion	Forfeiture - County Attorney	Forfeiture - District Attorney
Assets					
Cash and investments	\$ 37,083	\$ 234	\$ 19,929	\$ 8,981	\$ 44,632
Accounts receivable, net	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 37,083</u>	<u>\$ 234</u>	<u>\$ 19,929</u>	<u>\$ 8,981</u>	<u>\$ 44,632</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 960
Payroll liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>960</u>
Deferred inflows of resources					
Unavailable property tax	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted for					
Enabling legislation	37,083	234	19,929	8,981	43,672
Retirement of debt	-	-	-	-	-
Committed for					
Judicial	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>37,083</u>	<u>234</u>	<u>19,929</u>	<u>8,981</u>	<u>43,672</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 37,083</u>	<u>\$ 234</u>	<u>\$ 19,929</u>	<u>\$ 8,981</u>	<u>\$ 44,632</u>

Erath County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2022

Forfeiture - Sheriff	Bail Bond	Hot Check - County Attorney	Hot Check - District Attorney	LEOSE
\$ 5,389	\$ 14,914	\$ 1,862	\$ 7,793	\$ 26,008
-	-	-	-	1,526
-	-	-	-	-
\$ 5,389	\$ 14,914	\$ 1,862	\$ 7,793	\$ 27,534
\$ -	\$ -	\$ 105	\$ -	\$ -
-	-	38	-	-
-	-	143	-	-
-	-	-	-	-
-	-	-	-	-
5,389	14,914	1,719	7,793	27,534
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,389	14,914	1,719	7,793	27,534
\$ 5,389	\$ 14,914	\$ 1,862	\$ 7,793	\$ 27,534

Erath County, Texas
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
September 30, 2022

	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 3,126,746	\$ 62,219	\$ 3,188,965
Accounts receivable, net	9,186	6,300	15,486
Prepaid expenses	1,804	-	1,804
Total assets	<u>\$ 3,137,736</u>	<u>\$ 68,519</u>	<u>\$ 3,206,255</u>
Liabilities			
Accounts payable	\$ 19,222	\$ -	\$ 19,222
Payroll liabilities	950	-	950
Total liabilities	<u>20,172</u>	<u>-</u>	<u>20,172</u>
Deferred inflows of resources			
Unavailable property tax	-	5,758	5,758
Fund balance			
Nonspendable	1,804	-	1,804
Restricted for			
Enabling legislation	2,740,760	-	2,740,760
Retirement of debt	-	62,761	62,761
Committed for			
Judicial	375,000	-	375,000
Unassigned	-	-	-
Total fund balance	<u>3,117,564</u>	<u>62,761</u>	<u>3,180,325</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,137,736</u>	<u>\$ 68,519</u>	<u>\$ 3,206,255</u>

	Judicial	Law Library	Jury	Contractual Elections	Court Reporter
Revenues					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and interest	-	-	-	-	-
Intergovernmental and grants	22,979	-	-	-	-
Fines and fees	20,944	21,127	5,137	28,506	8,915
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	43,923	21,127	5,137	28,506	8,915
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	164,066	4,804	-	-	-
Law enforcement	-	810	-	-	-
Elections	-	-	-	14,424	-
Legal	-	3,835	-	-	-
Road and bridge	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	164,066	9,449	-	14,424	-
Excess (deficit) of revenues over expenditures	(120,143)	11,678	5,137	14,082	8,915
Other financing sources (uses)					
Transfers in	375,000	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	375,000	-	-	-	-
Net change in fund balance	254,857	11,678	5,137	14,082	8,915
Fund balances at beginning of year	272,929	151,576	335	114,248	466
Fund balances at end of year	\$ 527,786	\$ 163,254	\$ 5,472	\$ 128,330	\$ 9,381

Erath County, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue
Funds (Exhibit C-2)
Year Ended September 30, 2022

Records Management- County	Records Management- County Clerk	Archived Records - County Clerk	Records Preservation - County Clerk	Records Management- District Clerk
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
10,618	103,160	98,289	2,700	8,138
-	-	1,629	-	-
1	-	-	-	-
<u>10,619</u>	<u>103,160</u>	<u>99,918</u>	<u>2,700</u>	<u>8,138</u>
-	44,708	-	13,996	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>44,708</u>	<u>-</u>	<u>13,996</u>	<u>-</u>
<u>10,619</u>	<u>58,452</u>	<u>99,918</u>	<u>(11,296)</u>	<u>8,138</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10,619	58,452	99,918	(11,296)	8,138
<u>243,644</u>	<u>832,807</u>	<u>141,194</u>	<u>26,038</u>	<u>50,585</u>
<u>\$ 254,263</u>	<u>\$ 891,259</u>	<u>\$ 241,112</u>	<u>\$ 14,742</u>	<u>\$ 58,723</u>

	Records Preservation - District Clerk	Specialty Court - County	Technology - CC	Technology - DC	Technology - JP 1
Revenues					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and interest	-	-	-	-	-
Intergovernmental and grants	-	-	-	-	-
Fines and fees	9,762	2,887	718	198	9,058
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	9,762	2,887	718	198	9,058
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	2,720
Elections	-	-	-	-	-
Legal	-	-	-	-	-
Road and bridge	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	2,720
Excess (deficit) of revenues over expenditures	9,762	2,887	718	198	6,338
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	9,762	2,887	718	198	6,338
Fund balances at beginning of year	4,665	7,992	4,671	32,577	142,059
Fund balances at end of year	<u>\$ 14,427</u>	<u>\$ 10,879</u>	<u>\$ 5,389</u>	<u>\$ 32,775</u>	<u>\$ 148,397</u>

Erath County, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue
Funds (Exhibit C-2)
Year Ended September 30, 2022

Technology - JP II	Security - Courthouse	Security Justice Court I	Security Justice Court II	Pretrial Intervention - County Attorney
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
1,078	29,110	1,614	179	21,039
-	-	-	-	-
-	-	-	-	-
1,078	29,110	1,614	179	21,039
-	-	-	-	-
-	9,337	-	-	-
1,228	-	-	-	-
-	-	-	-	-
-	-	-	-	9,930
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,228	9,337	-	-	9,930
(150)	19,773	1,614	179	11,109
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(12,000)
-	-	-	-	(12,000)
(150)	19,773	1,614	179	(891)
29,748	261,248	22,848	5,131	104,627
<u>\$ 29,598</u>	<u>\$ 281,021</u>	<u>\$ 24,462</u>	<u>\$ 5,310</u>	<u>\$ 103,736</u>

	Supplemental Court Initiated Guardianship	Child Abuse Prevention - County	Local Truancy Prevention - Diversion	Forfeiture - County Attorney	Forfeiture - District Attorney
Revenues					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and interest	-	-	-	-	-
Intergovernmental and grants	-	-	-	-	-
Fines and fees	4,290	181	7,284	-	-
Investment earnings	-	-	-	78	237
Other revenues	-	-	-	-	-
Total revenues	4,290	181	7,284	78	237
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	-
Elections	-	-	-	-	-
Legal	-	-	-	3,967	1,260
Road and bridge	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	3,967	1,260
Excess (deficit) of revenues over expenditures	4,290	181	7,284	(3,889)	(1,023)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	4,290	181	7,284	(3,889)	(1,023)
Fund balances at beginning of year	32,793	53	12,645	12,870	44,695
Fund balances at end of year	\$ 37,083	\$ 234	\$ 19,929	\$ 8,981	\$ 43,672

Erath County, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue
Funds (Exhibit C-2)
Year Ended September 30, 2022

Forfeiture - Sheriff	Bail Bond	Hot Check - County Attorney	Hot Check - District Attorney	LEOSE
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	600	820	-	5,158
39	-	18	55	-
-	-	-	-	-
-	-	-	-	-
39	600	838	55	5,158
-	-	-	-	-
-	-	-	-	-
2,509	12,173	-	-	161
-	-	-	-	-
-	-	6,248	-	4,200
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,509	12,173	6,248	-	4,361
(2,470)	(11,573)	(5,410)	55	797
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(2,470)	(11,573)	(5,410)	55	797
7,859	26,487	7,129	7,738	26,737
<u>\$ 5,389</u>	<u>\$ 14,914</u>	<u>\$ 1,719</u>	<u>\$ 7,793</u>	<u>\$ 27,534</u>

Erath County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-2)
Year Ended September 30, 2022

	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ -	\$ 513,073	\$ 513,073
Penalty and interest	-	3,253	3,253
Intergovernmental and grants	22,979	-	22,979
Fines and fees	401,510	-	401,510
Investment earnings	2,056	475	2,531
Other revenues	1	-	1
	<u>426,546</u>	<u>516,801</u>	<u>943,347</u>
Expenditures			
Current			
General government	58,704	-	58,704
Judicial	178,207	-	178,207
Law enforcement	19,601	-	19,601
Elections	14,424	-	14,424
Legal	29,440	-	29,440
Road and bridge	-	-	-
Human services	-	-	-
Debt service			
Principal	-	485,000	485,000
Interest	-	37,474	37,474
Capital outlay			
Capital outlay	-	-	-
	<u>300,376</u>	<u>522,474</u>	<u>822,850</u>
Excess (deficit) of revenues over expenditures	<u>126,170</u>	<u>(5,673)</u>	<u>120,497</u>
Other financing sources (uses)			
Transfers in	375,000	-	375,000
Proceeds on long-term debt	-	-	-
Transfers out	(12,000)	-	(12,000)
	<u>363,000</u>	<u>-</u>	<u>363,000</u>
Net change in fund balance	489,170	(5,673)	483,497
Fund balances at beginning of year	<u>2,628,394</u>	<u>68,434</u>	<u>2,696,828</u>
Fund balances at end of year	<u>\$ 3,117,564</u>	<u>\$ 62,761</u>	<u>\$ 3,180,325</u>

Erath County, Texas
Combining Balance Sheet – Road and Bridge Fund (Exhibit C-3)
September 30, 2022

	Precinct #1	Precinct #2	Precinct #3	Precinct #4
Assets				
Cash and investments	\$ 1,094,998	\$ 1,161,454	\$ 1,951,675	\$ 592,617
Accounts receivable, net	28,871	33,690	36,075	32,585
Inventory	-	18	-	-
Prepaid expenses	2,500	2,500	2,500	2,500
Total assets	<u><u>\$ 1,126,369</u></u>	<u><u>\$ 1,197,662</u></u>	<u><u>\$ 1,990,250</u></u>	<u><u>\$ 627,702</u></u>
Liabilities				
Accounts payable	\$ 20,589	\$ 49,405	\$ 72,051	\$ 55,593
Payroll liabilities	8,212	10,677	9,361	8,893
Total liabilities	<u>28,801</u>	<u>60,082</u>	<u>81,412</u>	<u>64,486</u>
Deferred inflows of resources				
Unavailable revenue - property tax	10,639	12,036	12,734	11,484
Fund balance				
Nonspendable	2,500	2,518	2,500	2,500
Restricted for				
Road and bridge	<u>1,084,429</u>	<u>1,123,026</u>	<u>1,893,604</u>	<u>549,232</u>
Total fund balance	<u>1,086,929</u>	<u>1,125,544</u>	<u>1,896,104</u>	<u>551,732</u>
Total liabilities, deferred inflows and fund balance	<u><u>\$ 1,126,369</u></u>	<u><u>\$ 1,197,662</u></u>	<u><u>\$ 1,990,250</u></u>	<u><u>\$ 627,702</u></u>

Erath County, Texas
Combining Balance Sheet – Road and Bridge Fund (Exhibit C-3)
September 30, 2022

	Maintenance Barn	Total Road and Bridge Fund
Assets		
Cash and investments	\$ 163,261	\$ 4,964,005
Accounts receivable, net	-	131,221
Inventory	-	18
Prepaid expenses	-	10,000
Total assets	\$ 163,261	\$ 5,105,244
Liabilities		
Accounts payable	7,840	\$ 205,478
Payroll liabilities	3,800	40,943
Total liabilities	11,640	246,421
Deferred inflows of resources		
Unavailable revenue - property tax	-	46,893
Fund balance		
Nonspendable	-	10,018
Restricted for		
Road and bridge	151,621	4,801,912
Total fund balance	151,621	4,811,930
Total liabilities, deferred inflows and fund balance	\$ 163,261	\$ 5,105,244

Erath County, Texas
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Road and Bridge Fund (Exhibit C-4)
Year Ended September 30, 2022

	Precinct #1	Precinct #2	Precinct #3	Precinct #4
Revenues				
Taxes				
Property	\$ 944,228	\$ 1,121,540	\$ 1,208,942	\$ 1,092,891
Other	82,243	97,687	105,299	95,192
Penalty and interest	9,815	11,657	12,567	11,361
Intergovernmental	7,682	18,548	9,836	8,892
Fines and fees	101,768	113,395	133,195	119,418
Interest	9,356	10,106	14,743	4,445
Other revenues	1,359	2,472	168	-
Total revenues	<u>1,156,451</u>	<u>1,375,405</u>	<u>1,484,750</u>	<u>1,332,199</u>
Expenditures				
Current				
Road and bridge	960,155	1,066,379	927,479	840,383
Debt service				
Principal	-	7,176	9,340	-
Interest	-	721	854	-
Capital outlay				
Capital outlay	35,221	193,906	100,425	431,386
Total expenditures	<u>995,376</u>	<u>1,268,182</u>	<u>1,038,098</u>	<u>1,271,769</u>
Excess (deficit) of revenues over expenditures	<u>161,075</u>	<u>107,223</u>	<u>446,652</u>	<u>60,430</u>
Other financing sources (uses)				
Proceeds from sales of assets	65,500	30,000	-	42,988
Transfers in/(out)	(90,000)	(90,000)	(90,000)	(90,000)
Total other financing sources (uses)	<u>(24,500)</u>	<u>(60,000)</u>	<u>(90,000)</u>	<u>(47,012)</u>
Net change in fund balance	136,575	47,223	356,652	13,418
Fund balances at beginning of year, as restated	<u>950,354</u>	<u>1,078,321</u>	<u>1,539,452</u>	<u>538,314</u>
Fund balances at end of year	<u><u>\$ 1,086,929</u></u>	<u><u>\$ 1,125,544</u></u>	<u><u>\$ 1,896,104</u></u>	<u><u>\$ 551,732</u></u>

Erath County, Texas
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Road and Bridge Fund (Exhibit C-4)
Year Ended September 30, 2022

	Maintenance Barn	Total Road and Bridge Fund
Revenues		
Taxes		
Property	\$ -	\$ 4,367,601
Other	-	380,421
Penalty and interest	-	45,400
Intergovernmental	-	44,958
Fines and fees	-	467,776
Interest	-	38,650
Other revenues	-	3,999
	<u>-</u>	<u>5,348,805</u>
Expenditures		
Current		
Road and bridge	305,743	4,100,139
Debt service		
Principal	-	16,516
Interest	-	1,575
Capital outlay		
Capital outlay	-	760,938
	<u>305,743</u>	<u>4,879,168</u>
Excess (deficit) of revenues over expenditures	<u>(305,743)</u>	<u>469,637</u>
Other financing sources (uses)		
Proceeds from sales of assets	-	138,488
Transfers in/(out)	360,000	-
	<u>360,000</u>	<u>138,488</u>
Net change in fund balance	54,257	608,125
Fund balances at beginning of year, as restated	<u>97,364</u>	<u>4,203,805</u>
Fund balances at end of year	<u>\$ 151,621</u>	<u>\$ 4,811,930</u>