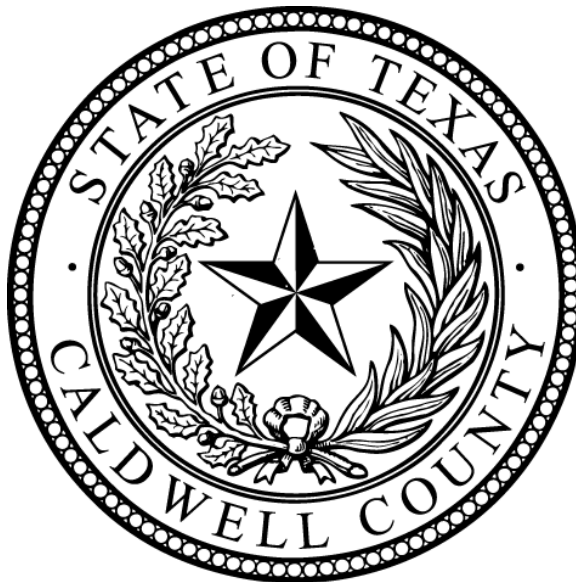


CALDWELL COUNTY, TEXAS

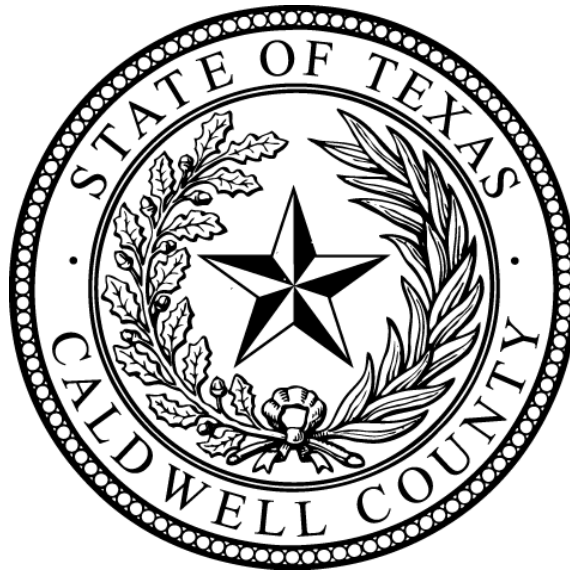
ANNUAL FINANCIAL REPORT

*FISCAL YEAR ENDED
SEPTEMBER 30, 2022*



DEPARTMENT ISSUING REPORT

Caldwell County Auditor's Office
Danielle Teltow, County Auditor



CALDWELL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | <u>PAGE</u> |
|----------------------------|-------------|
| TABLE OF CONTENTS | i |
| PRINCIPAL OFFICIALS | iii |
| ORGANIZATIONAL CHART | iv |

FINANCIAL SECTION

| | |
|---|----|
| INDEPENDENT AUDITOR’S REPORT | 1 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS | 14 |
| STATEMENT OF NET POSITION | 15 |
| STATEMENT OF ACTIVITIES | 17 |
| BALANCE SHEET - GOVERNMENTAL FUNDS | 19 |
| RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET TO THE STATEMENT OF NET POSITION | 23 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 24 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 28 |
| STATEMENT OF FIDUCIARY NET POSITION | 29 |
| STATEMENT OF CHANGES IN FIDUCIARY NET POSITION | 30 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 31 |
| REQUIRED SUPPLEMENTARY INFORMATION | 52 |
| GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 53 |
| UNIT ROAD FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 54 |
| COVID RELIEF (ARPA) FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 55 |
| NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL | 56 |
| TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM - NET PENSION LIABILITY AND RELATED RATIOS | 57 |
| TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM - SCHEDULE OF CONTRIBUTIONS AND RELATED NOTES | 59 |
| TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM | 60 |
| SUPPLEMENTARY INFORMATION | 61 |
| GENERAL FUND - COMPARATIVE BALANCE SHEET | 62 |
| UNIT ROAD FUND - COMPARATIVE BALANCE SHEET | 63 |

CALDWELL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS (CONTINUED)

INTRODUCTORY SECTION (CONTINUED)

| | <u>PAGE</u> |
|---|-------------|
| COVID RELIEF PROGRAM (ARPA) FUND - COMPARATIVE BALANCE SHEET | 64 |
| BUILDING CONSTRUCTION FUND - COMPARATIVE BALANCE SHEET | 65 |
| BUILDING CONSTRUCTION FUND - COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE | 66 |
| NONMAJOR GOVERNMENTAL FUNDS - COMBINING BALANCE SHEET | 67 |
| NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES | 68 |
| COMBINING FINANCIAL STATEMENTS - NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS | 69 |
| SPECIAL REVENUE FUNDS - COMBINING BALANCE SHEET | 70 |
| SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES | 72 |
| SPECIAL REVENUE FUNDS - GRANT FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 74 |
| SPECIAL REVENUE FUNDS – JUSTICE COURT TECHNOLOGY FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 75 |
| SPECIAL REVENUE FUNDS – RECORDS PRESERVATION FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 76 |
| SPECIAL REVENUE FUNDS – LAW LIBRARY FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 77 |
| SPECIAL REVENUE FUNDS – HOT CHECK FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 78 |
| SPECIAL REVENUE FUNDS – RECORDS MANAGEMENT FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 79 |
| SPECIAL REVENUE FUNDS – COURTHOUSE SECURITY FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 80 |
| DEBT FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 81 |
| COMPLIANCE SECTION | 82 |
| REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 83 |
| REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE | 85 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 89 |
| SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS | 90 |
| SCHEDULE OF FINDINGS AND RESPONSE ON INTERNAL CONTROL - OVER FINANCIAL REPORTING | 91 |
| CORRECTIVE ACTION PLAN | 94 |
| NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS | 98 |

CALDWELL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

PRINCIPAL OFFICIALS

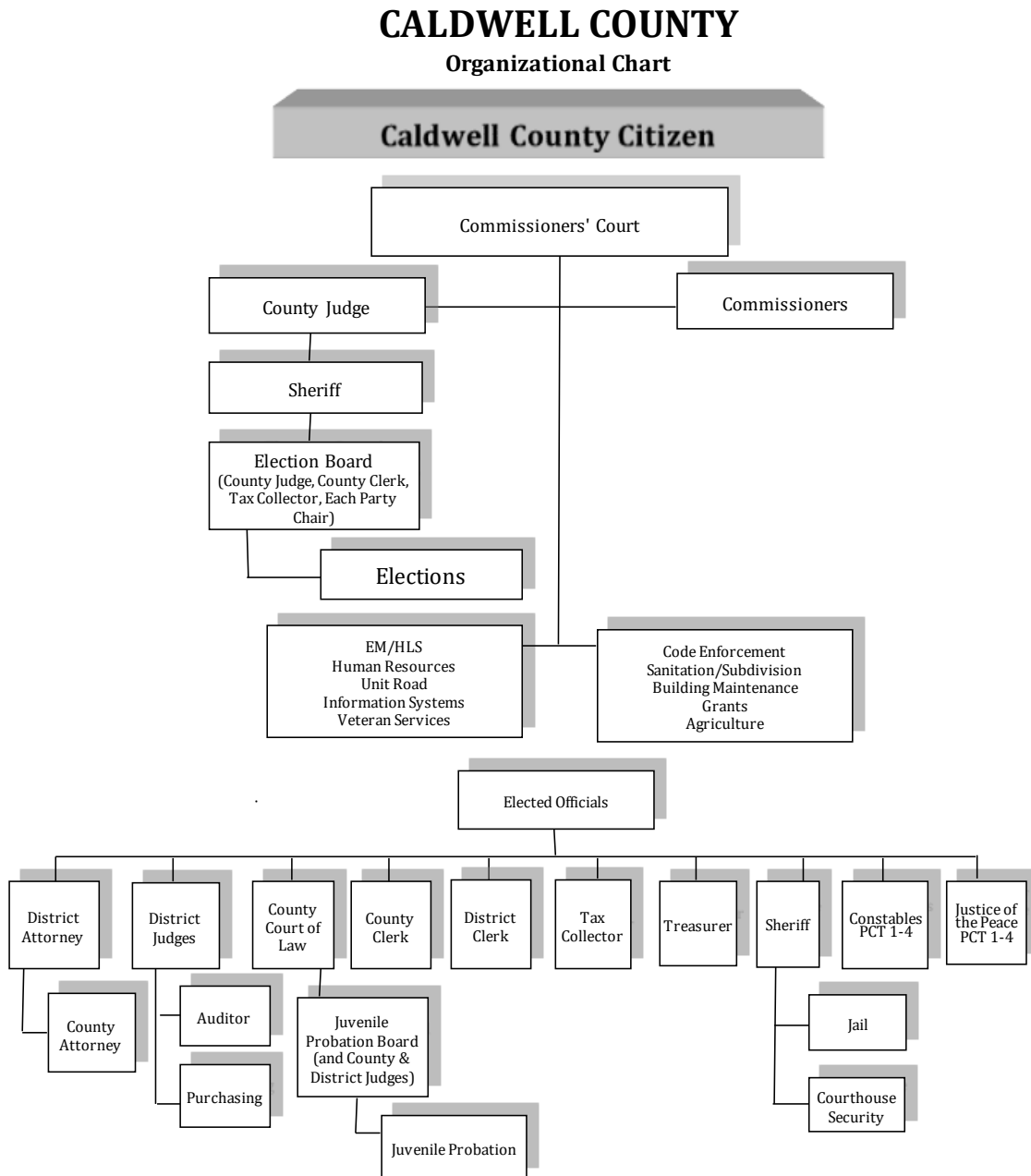
COUNTY JUDGE HOPPY HADEN
COMMISSIONER, PRECINCT 1.....B.J. WESTMORELAND
COMMISSIONER, PRECINCT 2.....BARBARA SHELTON
COMMISSIONER, PRECINCT 3.....EDWARD THERIOT
COMMISSIONER, PRECINCT 4.....JOE ROLAND
COUNTY AUDITOR..... BARBARA GONZALES
COUNTY TREASURER.....ANGELA MEUTH RAWLINSON
ASSESSOR-COLLECTOR OF TAXES DARLA LAW
COUNTY CLERK..... TERESA RODRIGUEZ
DISTRICT CLERK JUANITA ALLEN
SHERIFF MIKE LANE
COUNTY ATTORNEY FRED WEBER
COUNTY COURT-AT-LAW JUDGE.....BARBARA L. MOLINA

OFFICIAL ISSUING REPORT

COUNTY AUDITOR
DANIELLE TELTOW

CALDWELL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

ORGANIZATIONAL CHART





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
Members of the Commissioners' Court
Caldwell County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell County, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

Caldwell County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 of the ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and access 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 Caldwell County, Texas'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 Caldwell County, Texas'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 management's discussion and analysis, budgetary comparison information, schedule of changes – net pension liability/asset and related ratios, the schedule of County Contributions and related ratios listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, budgetary comparison information and schedule of changes – net pension liability and related ratios, and the schedule of County's Contributions 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 Caldwell County's basic financial statements. The comparative statements and combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards (SEFA) as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the schedule of expenditures of state awards (SESA) as required by the audit requirements of the State of Texas Uniform Grant Management Standards issued by the State Comptroller are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements and combining and individual nonmajor fund financial statements and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative financial statements and the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards and 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 April 30, 2024 on our consideration of Caldwell 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 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 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 Caldwell County's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.
April 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Caldwell County, Texas (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report financial information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- The total government-wide assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at September 30, 2022 by \$45.0 million (net position), an increase from the previous year of 15.07%.
- During the year, the County's expenses were \$28.3 million, which was \$5.9 million less than the \$34.2 million generated in taxes and other revenues for governmental activities.
- Total revenue from all sources was \$34.2 million. The primary revenue sources for governmental activities were property (ad valorem) taxes (\$23.2 million), charges for services (\$4.0 million), and sales and other taxes (\$2.9 million). These three revenue sources accounted for 67.8%, 11.6%, and 8.6% respectively, or 88% of total governmental activities revenues.
- Total expenses for governmental activities were \$28.3 million. The largest functional expenses were public safety (\$9.8 million), public transportation (\$5.4 million), and general government (\$4.7 million).

Highlights for Fund Financial Statements

- The fund financial statements report financial information about the County's major, or most significant funds, using the current financial resources measurement focus and modified accrual basis of accounting.

Fund Balance

- The County's General Fund reported a fund balance of \$18.7 million, an increase of \$2.9 million from September 30, 2021.
- Of the total fund balance for General Fund (\$18.6 million), the unassigned fund balance of \$17.0 million equals approximately 9 months of the 2022 general fund expenditures.

Highlights on Revenue

Sales Tax

- Sales tax collections for the fiscal year were \$2.6 million, which were 10.6% higher than the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

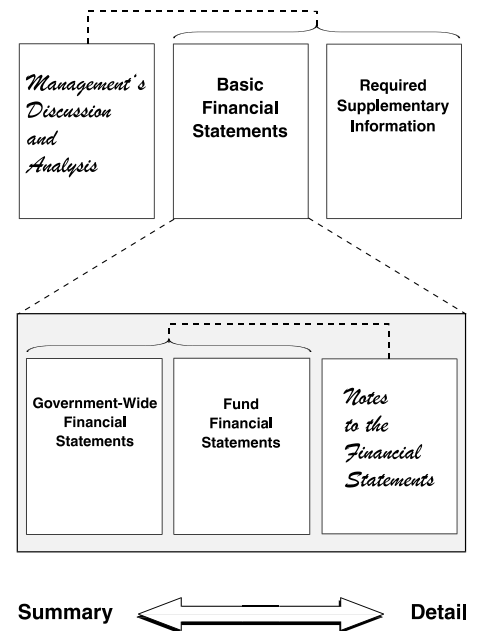
This annual report consists of three parts—management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as self-funded employee medical insurance.

Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the County’s Annual Financial Report



Government-wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County’s finances, in a manner similar to a private-sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County and all liabilities. Additionally, certain adjustments have occurred to eliminate interfund transactions.

The statement of net assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County’s net position and how they have changed. Net assets—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 of the County include the *Governmental activities*. Most of the County's basic services are included here, such as general government, judicial, public safety, infrastructure, etc. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The County establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. 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 a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The County's net position was \$45.0 million at September 30, 2022. (See Table A-1).

Table A-1
Caldwell County's Net Position

| | Governmental Activities | |
|--|----------------------------|----------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Cash and Investments | \$ 32,927,054 | \$ 30,823,879 |
| Receivables (net of allowances for uncollectible): | | |
| Taxes | 2,445,408 | 2,324,898 |
| Fines | 710,632 | 697,166 |
| Sales Tax | 527,430 | 463,581 |
| Intergovernmental | 163,658 | 525,115 |
| Accounts | 116,632 | 113,765 |
| Prepaid Items | 100,308 | 81,729 |
| Inventory | 24,408 | 153,007 |
| Note Receivable | 1,500,000 | 1,500,000 |
| Capital Assets: | 32,353,545 | 30,592,696 |
| Net Pension Asset | 3,197,234 | - |
| Right of Use Asset | 996,084 | - |
| TOTAL ASSETS | 75,062,393 | 67,275,836 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Outflows - Pension Related | 1,319,585 | 1,703,182 |
| Deferred Outflows - Charge on Refunding | 53,191 | 56,991 |
| | 1,372,776 | 1,760,173 |
| LIABILITIES | | |
| Accounts Payable | 1,767,222 | 4,507,712 |
| Wages, Salaries & Benefits Payable | 307,791 | 228,190 |
| Compensated Absences | 685,485 | 597,260 |
| Interest Payable | 82,882 | 88,058 |
| Deferred Grant Revenue | 7,027,836 | 4,896,666 |
| Due to Other Governments | 454,562 | 493,544 |
| <i>Noncurrent Liabilities:</i> | | |
| Net Pension Liability | - | 498,412 |
| Due Within One Year | 1,707,090 | 1,127,599 |
| Due in More Than One Year | 15,989,002 | 16,678,215 |
| TOTAL LIABILITIES | 28,021,870 | 29,115,656 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Inflows - Pension Related | 3,402,687 | 805,269 |
| | 3,402,687 | 805,269 |
| NET POSITION: | | |
| Net Investment in Capital Assets | 15,564,392 | 13,678,370 |
| Restricted Net Position | 6,566,583 | 7,185,794 |
| Unrestricted Net Position | 19,682,403 | 18,250,920 |
| TOTAL NET POSITION | \$ 41,813,378 | \$ 39,115,084 |

The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45.0 million at the close of the current fiscal year. Of this amount, \$15.6 million represents the portion the County has invested in capital assets (e.g. land, buildings, machinery, and equipment), net of accumulated depreciation less any outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these funds are not available for future spending.

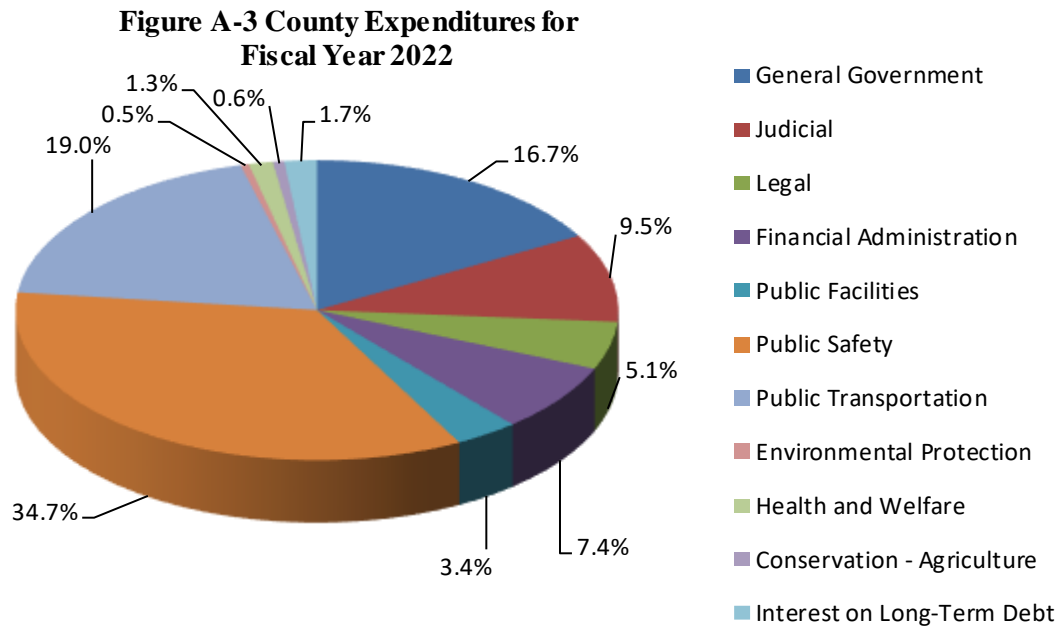
Statement of Activities

Table A-2 indicates changes in net position for governmental activities. (Note: The County does not have any business-type activities.)

Table A-2
Changes in Caldwell County's Net Position

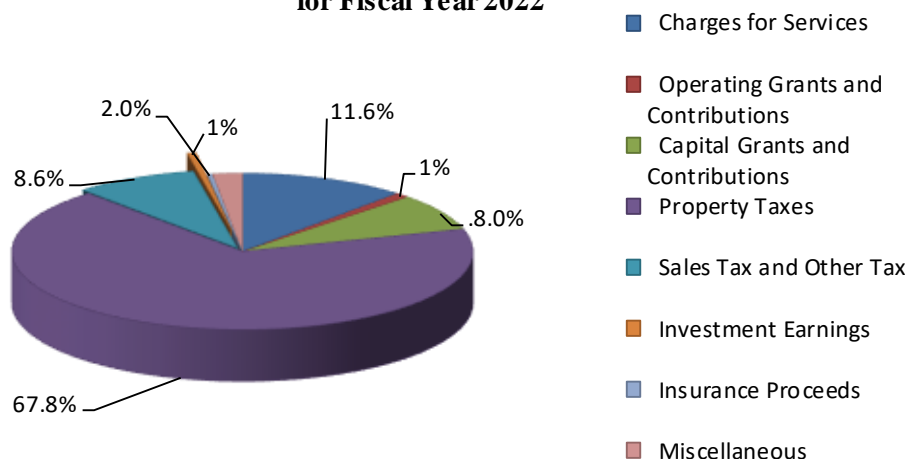
| | Governmental Activities | |
|--|----------------------------|----------------------|
| | 2022 | 2021 |
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$ 3,982,224 | \$ 3,305,979 |
| Operating Grants and Contributions | 348,377 | 603,461 |
| Capital Grants and Contributions | 2,625,774 | 2,143,702 |
| General Revenues: | | |
| Property Taxes | 23,215,457 | 21,273,142 |
| Sales Tax and Other Tax | 2,939,272 | 2,620,203 |
| Investment Earnings | 211,552 | 45,707 |
| Insurance Proceeds | 126,659 | 35,812 |
| Miscellaneous | 708,133 | 463,796 |
| Total Revenues | 34,157,448 | 30,491,802 |
| Expenses: | | |
| General Government | 4,733,236 | 4,729,728 |
| Judicial | 2,685,971 | 2,311,195 |
| Legal | 1,451,122 | 1,112,244 |
| Financial Administration | 2,087,114 | 1,688,830 |
| Public Facilities | 963,282 | 737,618 |
| Public Safety | 9,809,517 | 10,058,634 |
| Public Transportation | 5,373,128 | 4,630,887 |
| Environmental Protection | 127,366 | 107,190 |
| Health and Welfare | 366,616 | 837,211 |
| Conservation - Agriculture | 172,537 | 176,406 |
| Interest on Long-Term Debt | 492,030 | 653,133 |
| Total Expenses | 28,261,919 | 27,043,076 |
| Increase (Decrease) in Net Position | 5,895,529 | 3,448,726 |
| Net Position at Beginning of Year | 39,115,084 | 35,666,358 |
| Net Position at End of Year | \$ 45,010,613 | \$ 39,115,084 |

Expenditures. The total cost of all programs and services was \$28.3 million (see Figure A-3).



- General Government includes County Court, Commissioners' Court, County Clerk, Information Technology, Non-Departmental, Human Resources, County Auditor, Treasurer, Tax Office, Maintenance, and Airport.
- Judicial includes County Judge, County Court at Law, Court Compliance, District Courts, Crime Victims' Rights, District Attorneys, District Clerk, Justice of the Peace, County Attorney, Juvenile Probation, and Adult Probation.
- Legal includes the County Law Library.
- Financial Administration includes the Treasurer and Auditor's Offices.
- Public Facilities includes Jail and Juvenile Detention.
- Public Safety includes Constables, Sheriff and Department of Public Safety.
- Public Transportation includes roads and bridges.
- Environmental Protection includes Environmental Health
- Health and Welfare includes Health & Emergency Services, Animal Control, Fire Protection and Indigent Health.
- Conservation includes Agriculture

**Figure A-4 County Revenues
for Fiscal Year 2022**



Revenues. The County's total revenues were \$34.2 million. A significant portion, 76.4%, of the County's revenue comes from taxes, including primarily property tax and sales tax. (See Figure A-4.) Other revenue sources include 11.6% from charges for services.

Changes in Net Position. Table A-3 presents the cost of each of the County's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$28.3 million.
- However, the amount that our taxpayers paid for these activities through property taxes was \$23.2 million and \$2.9 million through sales tax and other taxes.
- The cost paid by those who directly benefited from the programs was \$4.0 million.
- The total received by the County for grants and contributions was \$3.0 million.

Table A-3
Net Cost of Selected County Functions

| | Total Cost of Services | | Net Cost of Services | |
|----------------------------------|---------------------------|--------------|-------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| General Government | \$ 4,733,236 | \$ 4,729,728 | \$ (1,431,284) | \$ (1,807,830) |
| Judicial | 2,685,971 | 2,311,195 | (762,804) | (311,781) |
| Legal | 1,451,122 | 1,112,244 | (1,431,698) | (1,090,875) |
| Financial Administration | 2,087,114 | 1,688,830 | (2,070,381) | (1,671,284) |
| Public Facilities | 963,282 | 737,618 | (963,282) | (737,618) |
| Public Safety | 9,809,517 | 10,058,634 | (9,525,871) | (9,609,108) |
| Public Transportation | 5,373,128 | 4,630,887 | (5,263,756) | (4,531,558) |
| Environmental Protection | 127,366 | 107,190 | 1,174,715 | 436,870 |
| Health and Welfare | 366,616 | 837,211 | (366,616) | (837,211) |
| Conservation - Agriculture | 172,537 | 176,406 | (172,537) | (176,406) |
| Interest and Bond Issuance Costs | 492,030 | 653,133 | (492,030) | (653,133) |

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balance approximating \$26.0 million, an increase of \$2.3 million in comparison with the prior year.

The County's major general governmental funds are contained in the General Fund, Unit Road Fund, COVID Relief Program (ARPA) Fund and Building Construction Fund.

General Fund. The General Fund is the chief operating fund of the County. The total fund balance for general fund was \$18.6 million with the unassigned fund balance of the General Fund at \$17.0 million.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance for fiscal year 2022 represents 77.8% of total General Fund actual expenditures. This significant fund balance to total expenditure ratio indicates a healthy financial position.

Expenditures in the General Fund increased by approximately \$2.3 million or about 11% over the prior year. Increases in the majority of functions are a result of an across-the-board cost of living pay increase and increased expenditures in different classifications as needed.

Unit Road Fund. The Unit Road Fund is the primary fund responsible for maintaining County roads. At the end of the current fiscal year, the fund balance in the Unit Road Fund was \$3.2 million, an increase over the previous fiscal year by \$271 thousand or 9%.

Building Construction Fund. The Building Construction Fund accounts for disbursements for the County's major projects.

COVID Relief Program (ARPA) Fund. This fund consists of funds received from the Federal Government for infrastructure and other COVID related items.

Budgetary Highlights

The County revised its original budget for the general fund several times to adjust for changes resulting in an overall increase of \$2.4 thousand in revenues and increase of \$271 thousand in expenses. As part of the budget revisions, increases were made to the other revenue and the related expenditures based on the source of the funds.

Additionally, the County revised its original budget for the Unit Road fund several times to adjust for changes resulting in an overall decrease of \$200 thousand in revenues and increase of \$200 thousand in expenses. As part of the budget revisions, increases were made to intergovernmental revenue and the related expenditures based on the source of the funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the County had invested \$67 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$3.6 million or 5.6% percent more than last year.

Table A-4
County's Capital Assets

| | Governmental Activities | |
|------------------------------------|----------------------------|----------------------|
| | 2022 | 2021 |
| Land | \$ 584,029 | \$ 584,029 |
| Infrastructure | 15,262,589 | 15,052,589 |
| Buildings and Improvements | 32,131,378 | 32,131,378 |
| Equipment, Machinery and Furniture | 15,255,182 | 14,337,331 |
| Construction In Progress | 3,753,707 | 1,283,051 |
| Totals at Historical Cost | <u>66,986,885</u> | <u>63,388,378</u> |
| Total Accumulate Depreciation | <u>(34,633,340)</u> | <u>(32,795,682)</u> |
| Net Capital Assets | <u>\$ 32,353,545</u> | <u>\$ 30,592,696</u> |

Note: More detailed information on capital assets can be found in the notes to the financial statements (NOTE F – CAPITAL ASSETS).

Long Term Debt

At year-end the County had \$16.5 million in bonds and notes outstanding as shown in Table A-5.

Table A-5
County's Long Term Debt

| | Governmental Activities | |
|---|----------------------------|----------------------|
| | 2022 | 2021 |
| Limited Tax Refund Bonds, Series 2014 | \$ 5,660,000 | \$ 6,135,000 |
| Combined Limited Pledged Revenue Certificates of Obligation, Series 2018 | 5,955,000 | 5,955,000 |
| Limited Tax Refunding Bonds, Series 2019 | 2,230,000 | 2,680,000 |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 | <u>2,635,000</u> | <u>2,815,000</u> |
| Total Outstanding Debt | <u>\$ 16,480,000</u> | <u>\$ 17,585,000</u> |

Bond Ratings

The County's bonds presently carry "AA" ratings with underlying ratings as follows: Standard & Poors "AA".

Note: More detailed information on capital assets can be found in the notes to the financial statements (NOTE G – LONG-TERM DEBT).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With several major developments planned for the area, Caldwell County is poised for continued growth in the tax base over the next several years. Investments in infrastructure will be required as well as a cohesive strategy for managing this growth.

Caldwell County is experiencing the same economic issues that other counties are in the state of Texas with Senate Bill 2 and continued population growth. These two major concerns will have to be taken into consideration when working with the FY 2023 budget.

Some key factors to consider in the upcoming future budgets:

With anticipated growth in the rural areas of Caldwell County there will be significant needs throughout the County.

Caldwell County is proactively preparing by strategically planning through a budget-neutral energy savings performance contracting program that will have a positive impact on major improvements for facilities County-wide.

Although Caldwell County is designated as economically disadvantaged, this has its benefits. They include, the county being the recipient of over fifteen (15) grants with some of the more material funding mechanisms coming from FEMA, GLO, SH130 Concession funds. Capital Improvement Projects of maintaining the infrastructure of the roads after receiving thirteen (13) of the fifteen (15) road projects completed after receipt of funds from Hurricane Harvey FEMA funds and capital from issuing debt to procure the equipment are major ongoing improvements.

Other strategic planning will be aligned with performance measures on departmental budgets assisting in the accountability of overall performance and maintenance of budget versus actual revenues and/or expenditures within budgets to assist in maintaining the above factors.

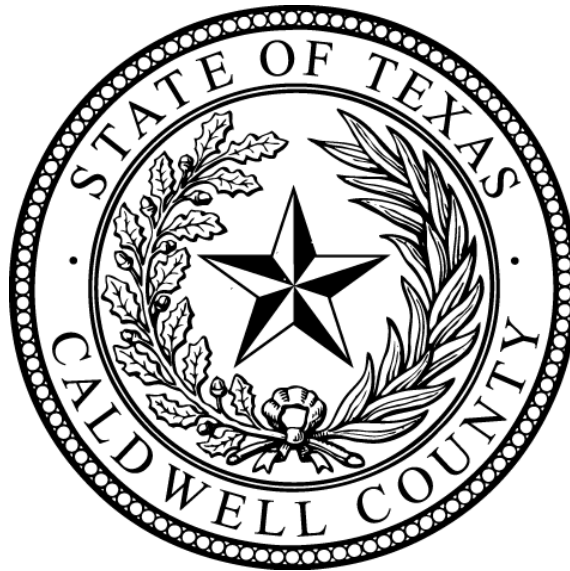
Caldwell County continues funding Unit Road's new projects such as repairs of bridges and mowing contracts. Caldwell County fleet funding mechanism needs are maintained through a systematic retention and replacement of county wide vehicles.

Continued increase in health insurance due to rising health care costs of County employees continues to be a priority for the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Caldwell County, Texas
Office of County Auditor
Main Historic Courthouse
110 South Main
Caldwell, Texas 78644
(512) 398-1801



CALDWELL COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds
 - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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

| | Governmental Activities |
|--|----------------------------|
| <hr/> | |
| ASSETS | |
| Cash and Investments | \$ 32,927,054 |
| Receivables (net of allowances for uncollectible): | |
| Taxes | 2,445,408 |
| Fines | 710,632 |
| Sales Tax | 527,430 |
| Intergovernmental | 163,658 |
| Accounts | 116,632 |
| Prepaid Items | 100,308 |
| Inventory | 24,408 |
| Note Receivable | 1,500,000 |
| Net Pension Asset | 3,197,234 |
| Right of Use Asset | 996,084 |
| Capital Assets: | |
| Land | 584,029 |
| Infrastructure, net | 1,592,872 |
| Buildings, net | 21,597,310 |
| Machinery and Equipment, net | 4,825,627 |
| Construction in Progress | 3,753,707 |
| TOTAL ASSETS | <hr/> 75,062,393 <hr/> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Outflows - Pension Related | 1,319,585 |
| Deferred Outflows - Charge on Refunding | 53,191 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <hr/> \$ 1,372,776 <hr/> |

See accompanying notes to basic financial statements.

CALDWELL COUNTY, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2022

| | Governmental Activities |
|--|----------------------------|
| LIABILITIES | |
| Accounts Payable | \$ 1,767,222 |
| Wages, Salaries & Benefits Payable | 307,791 |
| Compensated Absences | 685,485 |
| Interest Payable | 82,882 |
| Unearned Grant Revenue | 7,027,836 |
| Due to Other Governments | 454,562 |
| <i>Noncurrent Liabilities:</i> | |
| Due Within One Year | 1,707,090 |
| Due in More Than One Year | 15,989,002 |
| TOTAL LIABILITIES | 28,021,870 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Inflows - Pension Related | 3,402,687 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 3,402,687 |
| NET POSITION: | |
| Net Investment in Capital Assets | 15,564,392 |
| Restricted Net Position: | |
| Debt Service | 594,424 |
| Road and Bridge Maintenance | 3,154,086 |
| Net Pension Asset | 3,197,234 |
| Judicial | 558,726 |
| Legal | 41,195 |
| Public Safety | 186,915 |
| Records Management | 395,698 |
| Sheriff | 23,709 |
| Contractual Obligation | 1,611,830 |
| Unrestricted Net Position | 19,682,403 |
| TOTAL NET POSITION | \$ 45,010,612 |

See accompanying notes to basic financial statements.

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

| Functions and Programs | Expenses | Program Revenues | | |
|--|----------------------|---------------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General Government | \$ 4,733,236 | \$ 595,691 | \$ 104,043 | \$ 2,602,218 |
| Judicial | 2,685,971 | 1,758,412 | 164,755 | - |
| Legal | 1,451,122 | 19,424 | - | - |
| Financial Administration | 2,087,114 | 16,733 | - | - |
| Public Facilities | 963,282 | - | - | - |
| Public Safety | 9,809,517 | 204,067 | 79,579 | - |
| Public Transportation | 5,373,128 | 85,816 | - | 23,556 |
| Environmental Protection | 127,366 | 1,302,081 | - | - |
| Health and Welfare | 366,616 | - | - | - |
| Conservation - Agriculture | 172,537 | - | - | - |
| Interest and Bond Issuance Costs | 492,030 | - | - | - |
| Total Governmental Activities | \$ 28,261,919 | \$ 3,982,224 | \$ 348,377 | \$ 2,625,774 |
| General Revenues: | | | | |
| Taxes | | | | |
| General Property Taxes | | | | |
| Unit Road Property Taxes | | | | |
| Sales Taxes | | | | |
| Interest and Investment Earnings | | | | |
| Insurance Proceeds | | | | |
| Miscellaneous | | | | |
| Total General Revenues | | | | |
| Change in Net Position | | | | |
| Net Position at Beginning of Year | | | | |
| Net Position at End of Year | | | | |

See accompanying notes to basic financial statements.

Net (Expense)
Revenue and
Changes in
Net Position

Governmental
Activities

| | |
|----|--------------------------|
| \$ | (1,431,284) |
| | (762,804) |
| | (1,431,698) |
| | (2,070,381) |
| | (963,282) |
| | (9,525,871) |
| | (5,263,756) |
| | 1,174,715 |
| | (366,616) |
| | (172,537) |
| | (492,030) |
| | <hr/> (21,305,544) <hr/> |

| | |
|--|------------------------|
| | 22,799,836 |
| | 415,621 |
| | 2,939,272 |
| | 211,552 |
| | 126,659 |
| | 708,133 |
| | <hr/> 27,201,073 <hr/> |

| | |
|--|------------------------|
| | 5,895,529 |
| | <hr/> 39,115,084 <hr/> |

| | |
|----|--------------------------|
| \$ | <u><u>45,010,613</u></u> |
|----|--------------------------|

CALDWELL COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

| | General Fund | Building Construction | Unit Road Fund |
|-------------------------------|----------------------|--------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 17,767,741 | \$ 906,939 | \$ 3,284,594 |
| Taxes Receivable, net | 2,267,303 | - | 483 |
| Fines Receivables, net | 710,632 | - | - |
| Sales Tax Receivable | 527,430 | - | - |
| Intergovernmental Receivables | - | - | 4,587 |
| Accounts Receivables | 18,842 | - | - |
| Notes Receivable | 1,500,000 | - | - |
| Due from Other Funds | 489,964 | - | 152,434 |
| Inventories | - | - | 24,408 |
| Prepaid Items | 88,447 | - | - |
| TOTAL ASSETS | \$ 23,370,359 | \$ 906,939 | \$ 3,466,506 |

See accompanying notes to basic financial statements.

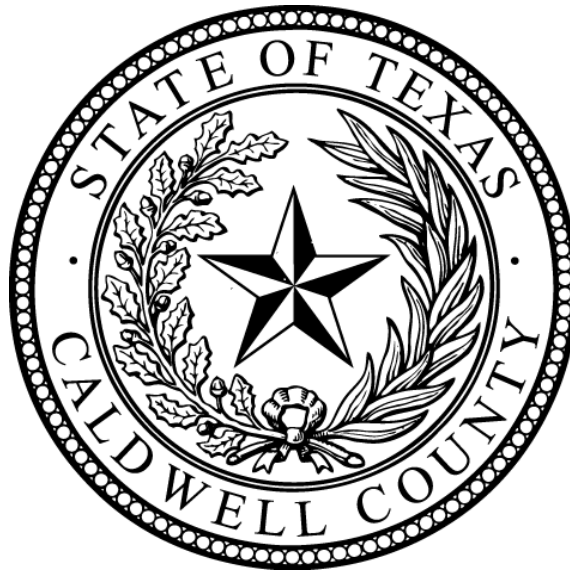
| COVID Relief Program ARPA Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|--|--------------------------------|
| \$ 6,688,037 | \$ 4,304,191 | \$ 32,951,502 |
| - | 177,622 | 2,445,408 |
| - | - | 710,632 |
| - | - | 527,430 |
| - | 159,474 | 164,061 |
| - | 97,388 | 116,230 |
| - | - | 1,500,000 |
| - | - | 642,398 |
| - | - | 24,408 |
| - | 11,861 | 100,308 |
| <u>\$ 6,688,037</u> | <u>\$ 4,750,536</u> | <u>\$ 39,182,377</u> |

CALDWELL COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2022

| | General Fund | Building Construction | Unit Road Fund |
|--|----------------------|--------------------------|----------------------|
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | |
| <i>Liabilities:</i> | | | |
| Accounts Payable | \$ 1,054,717 | \$ - | \$ 287,481 |
| Accrued Liabilities and other Payables | 307,792 | - | - |
| Due to Other Governments | 454,562 | - | - |
| Due to Other Funds | 153,706 | - | - |
| Unearned Grant Revenue | 20 | - | - |
| <i>Total Liabilities</i> | <u>1,970,797</u> | <u>-</u> | <u>287,481</u> |
| <i>Deferred Inflows of Resources</i> | | | |
| Deferred Tax Revenue | 2,115,837 | - | 531 |
| Deferred Fine Revenue | 710,632 | - | - |
| <i>Total Deferred Inflows of Resources</i> | <u>2,826,469</u> | <u>-</u> | <u>531</u> |
| <i>Fund Balances:</i> | | | |
| Nonspendable Fund Balance: | | | |
| Prepaid Items/Inventory/Notes Receivable | 1,588,447 | - | 24,408 |
| Unassigned Fund Balance (Deficit) | 16,984,646 | - | - |
| Restricted Fund Balance: | | | |
| Debt Service | - | - | - |
| Capital Acquisition | - | 906,939 | - |
| Road and Bridge Maintenance | - | - | 3,154,086 |
| Judicial | - | - | - |
| Legal | - | - | - |
| Public Safety | - | - | - |
| Records Management | - | - | - |
| Sheriff | - | - | - |
| Contractual Obligation | - | - | - |
| <i>Total Fund Balances</i> | <u>18,573,093</u> | <u>906,939</u> | <u>3,178,494</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES | <u>\$ 23,370,359</u> | <u>\$ 906,939</u> | <u>\$ 3,466,506</u> |

See accompanying notes to basic financial statements.

| COVID Relief Program ARPA Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|--|--------------------------------|
| \$ - | \$ 1,223,777 | \$ 22,717,898 |
| - | - | 2,888,316 |
| - | 2,023,818 | 2,498,321 |
| 1,901,323 | 319,142 | 3,496,912 |
| - | - | 601,669 |
| - | - | 2,150,108 |
| - | 14,801 | 210,107 |
| - | 2,422 | 699,631 |
| <u>1,901,323</u> | <u>3,583,960</u> | <u>35,262,962</u> |
| - | 937,007 | 4,776,148 |
| - | 96,604 | 2,303,428 |
| - | - | 1,551,859 |
| 39,842 | - | 2,013,108 |
| - | - | 987,297 |
| 1,557,875 | 1,787,897 | 9,801,967 |
| - | - | 5,479,288 |
| - | - | 123,251 |
| 250,000 | 636,350 | 1,592,699 |
| - | - | 174,701 |
| - | - | 3,680,454 |
| - | 1,105,000 | 1,499,779 |
| - | 516,005 | 516,005 |
| <u>1,847,717</u> | <u>5,078,863</u> | <u>34,499,984</u> |
| <u>\$ 53,606</u> | <u>\$ (1,494,903)</u> | <u>\$ 762,978</u> |



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

| | | |
|---|----|------------|
| TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS | \$ | 25,961,821 |
|---|----|------------|

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

| | | |
|---|--|------------|
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 32,353,545 |
|---|--|------------|

| | | |
|--|--|---------|
| Right of Use Leased Assets used in governmental activities are not financial resources and therefore are not reported in the funds | | 996,084 |
|--|--|---------|

| | | |
|--|--|-----------|
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | 2,994,628 |
|--|--|-----------|

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.

| | | | |
|---|---------------------|--|--------------|
| Deferred Outflows - Charge on Refunding | 53,191 | | |
| Accrued Compensated Absences | (685,485) | | |
| Accrued Interest | (82,882) | | |
| Bonds, Operating Leases and Premium Payable | <u>(17,696,092)</u> | | (18,411,268) |

The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation.

| | | | |
|-------------------------------------|--------------------|--|------------------|
| Net Pension Liability (Asset) | 3,197,234 | | |
| Deferred Outflows - Pension Related | 1,319,585 | | |
| Deferred Inflows - Pension Related | <u>(3,402,687)</u> | | <u>1,114,132</u> |

| | | |
|--|----|-------------------|
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | \$ | <u>45,008,942</u> |
|--|----|-------------------|

CALDWELL COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | General Fund | Building Construction | Unit Road Fund |
|---------------------------------|---------------------|--------------------------|-----------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property Taxes | \$ 21,490,787 | \$ - | \$ 3,334 |
| Other Taxes | 2,888,316 | - | - |
| Intergovernmental Revenue | 350,947 | - | 123,556 |
| Fees of Office | 1,276,447 | - | - |
| Fines | 601,669 | - | - |
| Licenses and Permits | 1,317,964 | - | 832,144 |
| Investment Earnings | 179,853 | 15,453 | - |
| Miscellaneous Revenue | 694,798 | - | 2,411 |
| TOTAL REVENUES | <u>28,800,781</u> | <u>15,453</u> | <u>961,445</u> |
| EXPENDITURES | | | |
| General Administration | 3,839,141 | - | - |
| Judicial | 2,206,824 | - | - |
| Legal | 1,551,859 | - | - |
| Financial Administration | 1,973,266 | - | - |
| Public Facilities | 987,297 | - | - |
| Public Safety | 6,456,195 | - | - |
| Public Transportation | 318,561 | - | 5,160,727 |
| Environmental Protection | 123,251 | - | - |
| Health and Welfare | 706,349 | - | - |
| Conservation - Agriculture | 174,701 | - | - |
| Capital Outlay | 3,680,454 | - | - |
| Debt Service: | | | |
| Principal | 345,201 | - | 49,578 |
| Interest and Fiscal Charges | - | - | - |
| TOTAL EXPENDITURES | <u>22,363,099</u> | <u>-</u> | <u>5,210,305</u> |
| Excess (Deficiency) of Revenues | | | |
| Over (Under) Expenditures | <u>\$ 6,437,682</u> | <u>\$ 15,453</u> | <u>\$ (4,248,860)</u> |

See accompanying notes to basic financial statements.

| COVID Relief Program ARPA Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|--|--------------------------------|
| \$ - | \$ 1,223,777 | \$ 22,717,898 |
| - | - | 2,888,316 |
| - | 2,023,818 | 2,498,321 |
| 1,901,323 | 319,142 | 3,496,912 |
| - | - | 601,669 |
| - | - | 2,150,108 |
| - | 14,801 | 210,107 |
| - | 2,422 | 699,631 |
| <u>1,901,323</u> | <u>3,583,960</u> | <u>35,262,962</u> |
| - | 937,007 | 4,776,148 |
| - | 96,604 | 2,303,428 |
| - | - | 1,551,859 |
| 39,842 | - | 2,013,108 |
| - | - | 987,297 |
| 1,557,875 | 1,787,897 | 9,801,967 |
| - | - | 5,479,288 |
| - | - | 123,251 |
| 250,000 | 636,350 | 1,592,699 |
| - | - | 174,701 |
| - | - | 3,680,454 |
| - | 1,105,000 | 1,499,779 |
| - | 516,005 | 516,005 |
| <u>1,847,717</u> | <u>5,078,863</u> | <u>34,499,984</u> |
| <u>\$ 53,606</u> | <u>\$ (1,494,903)</u> | <u>\$ 762,978</u> |

CALDWELL COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | General Fund | Building Construction | Unit Road Fund |
|------------------------------------|----------------------|--------------------------|----------------------|
| OTHER FINANCING | | | |
| SOURCES (USES) | | | |
| Transfers In | \$ - | \$ - | \$ 4,260,461 |
| Transfers Out | (4,785,831) | - | - |
| Insurance Proceeds | 126,659 | - | - |
| Lease Proceeds | 1,153,174 | - | 259,482 |
| TOTAL OTHER FINANCING | | | |
| SOURCES (USES) | (3,505,998) | - | 4,519,943 |
| Net Change in Fund Balance | 2,931,684 | 15,453 | 271,083 |
| Fund Balances at Beginning of Year | 15,641,409 | 891,486 | 2,907,411 |
| Fund Balances at End of Year | <u>\$ 18,573,093</u> | <u>\$ 906,939</u> | <u>\$ 3,178,494</u> |

See accompanying notes to basic financial statements.

| COVID Relief Program ARPA Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------------------|--------------------------------|
| \$ - | \$ 525,370 | \$ 4,785,831 |
| - | - | (4,785,831) |
| - | - | 126,659 |
| - | - | 1,412,656 |
| - | 525,370 | 1,539,315 |
| 53,606 | (969,533) | 2,302,293 |
| (331) | 4,221,224 | 23,661,199 |
| <u>\$ 53,275</u> | <u>\$ 3,251,691</u> | <u>\$ 25,963,492</u> |

CALDWELL COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,302,293

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|-----------------------------|--------------------|-----------|
| Current Year Additions | 5,093,110 | |
| Current Year Disposals | (498,519) | |
| Current Period Depreciation | <u>(1,837,658)</u> | 2,756,933 |

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

| | | |
|--|---------------|--------|
| Change in Property Taxes Receivable Not Collected within 60 Days of Year End | 85,331 | |
| Accrued District and County Court Fines Receivable | <u>13,466</u> | 98,797 |

The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

| | | |
|--|---------------|---------|
| Proceeds from Lease Issuance | (1,412,654) | |
| Bond Principal Payments and Lease Payments | 1,499,779 | |
| Amortization of Premium | <u>22,599</u> | 109,724 |

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

| | | |
|-------------------------------|--------------|----------|
| Compensated Absences | (88,225) | |
| Amortization of Bond Discount | (3,800) | |
| Interest Payable | <u>5,176</u> | (86,849) |

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined pension expense exceeded contributions.

714,631

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 5,895,529

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

| | Custodial Funds |
|--|----------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 5,985,329 |
| Intergovernmental Revenues | <u>1,296,250</u> |
| TOTAL ASSETS | <u><u>\$ 7,281,579</u></u> |
| LIABILITIES | |
| Accounts Payable | \$ 699 |
| Due to County | 168 |
| Due to Other Governments | <u>16,262</u> |
| TOTAL LIABILITIES | <u>17,129</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, Organizations and other Governments | <u>7,264,450</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 7,281,579</u></u> |

See accompanying notes to basic financial statements.

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

| | Custodial Funds |
|---|----------------------------|
| ADDITIONS | |
| Interest income | \$ 6,002 |
| Court Deposits Held for Others | 3,934,603 |
| Transfers in from DA Discretionary | 27,450 |
| Other Transfers In | 6,980 |
| HOT Check Payments and Prosecutor Fees | 295 |
| Property Seizures | 36,438 |
| Collections for State Motor Vehicle and Sales Tax | 14,829 |
| Donations | 444 |
| Commissions for Commissary Sales for the benefit of Inmates | 421,033 |
| Deposits held on Behalf of Inmates | 741,549 |
| Deposits held on Behalf of Elections | 4,221 |
| TOTAL ADDITIONS | <u>5,165,752</u> |
| DEDUCTIONS | |
| Distribution to DA Payroll | 27,450 |
| Dsitribution to County Clerk (Restitution) | 13,928 |
| Distribution to the State | 2,096 |
| Court Related Distribution | 1,524,899 |
| Distribution to Federal Government | 11,306 |
| HOT Check Disbursements | 2,515 |
| Property Seizure Refunds and Forfeitures | 30,653 |
| Other Distributions | 19,919 |
| Jail Commissary Purchases for the Benefit of Inmates | 337,444 |
| Distributions on Behalf of Inmates | 733,061 |
| TOTAL DEDUCTIONS | <u>2,703,270</u> |
| Net Increase in Fiduciary Net Position | 2,462,482 |
| Beginning Net Position | 4,801,968 |
| Ending Net Position | <u><u>\$ 7,264,450</u></u> |

See accompanying notes to basic financial statements.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the County's accounting policies are described below:

1. REPORTING ENTITY

Primary Government

Caldwell County (the County) is a public corporation and political subdivision 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 government (e.g. administration, judicial & legal, elections administration, and financial administration), public safety (fire protection, law enforcement and corrections), infrastructure (highways and streets), social services and conservation.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity". The definition of the reporting entity is based primarily on the concept 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 it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the County (except for County fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and charges for services.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Separate **fund financial statements** are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Unit Road (Special Revenue) Fund, COVID Relief Program (ARPA) Fund and Building Construction Fund meet the criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Debt Service funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within Combining Fund Statements and Schedules.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. However, sales tax is considered collectible for only 30 days.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured, and payment is due.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued.)

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, social services, and capital acquisition.

Building Construction Fund accounts for money transferred from the general fund and the bond proceeds to account for construction projects.

Unit Road Fund accounts for taxes assessed, along with fines and forfeitures associated with the support of the development and maintenance of County highways, streets and bridges.

COVID Relief Program (ARPA) Fund. This fund consists of funds received from the Federal Government for infrastructure and other COVID related items.

Nonmajor funds include special revenue and debt service funds.

Fiduciary fund level financial statements are used to account for resources held on behalf of others. These include fiduciary funds which are classified into private purpose trust and agency funds. Custodial funds do not involve a formal trust agreement.

4. CASH AND INVESTMENTS

Cash and investments include amounts in demand deposits, short-term certificates of deposit with a maturity date within three months of the date acquired by the government, and deposits in local government investment pools.

State statutes authorize the government to invest in obligations of the U.S. Government, federal agency and instrumentality obligations, and certificates of deposit collateralized by obligations of the U.S. Treasury. Investments are stated at amortized cost, except for deposits in local government investment pools and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1st and past due after January 31st. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

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 the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred inflows of resources in the fund statements. Receivables are shown net of an allowance for uncollectibles.

6. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements.

7. INVENTORIES AND PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources".

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include County-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. CAPITAL ASSETS (Continued)

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>ASSETS</u> | <u>YEARS</u> |
|----------------------------|---------------|
| Buildings and improvements | 50 years |
| Improvements | 20 years |
| Infrastructure | 30 years |
| Machinery and equipment | 5 to 10 years |

9. DEFERRED INFLOWS/OUTFLOWS

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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 the following items that qualify for reporting in this category: deferred pension related costs which will be included in the subsequent actuarial valuation.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The County has deferred pension in OPEB related revenues which will be included in subsequent actuarial valuation. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and court fines is deferred and recognized as an inflow of resource in the period the amounts become available.

10. COMPENSATED ABSENCES

The County permits employees to accumulate earned but unused vacation and compensatory benefits. When an employee leaves the service of the county for any reason other than gross misconduct, he or she will be paid for all accrued but unused vacation leave upon retirement. Vacation for full-time employees can be accrued up to 240 hours and for Law Enforcement up to 360 hours. The rate of pay will be determined by the salary rate in effect at the time of separation. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

12. INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. PENSIONS

The net pension liability, deferred outflows related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, 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.

15. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. FUND EQUITY (Continued)

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Commissioners' Court – the government's highest level of decision-making authority. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (by adoption of another resolution) to remove or revise the limitation.

Assigned fund balance. This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. Assigned fund balances are established by the County commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of property and equipment, construction, debt service or other purposes.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Negative fund balances existed in the COVID Relief Program ARPA Fund, the Justice Court Technology Fund and the Law Library. These will be addressed by reducing the expenses in these funds as well as possible transfers from the General fund.

16. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. USE OF ESTIMATES

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

18. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Unit Road Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds.

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. The reclassifications had no effect on the changes in financial position.

19. PRIVATE SECTOR GUIDANCE

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business type activities subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

NOTE B - 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 pledge 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.

State statutes authorize the County to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d).

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Investments in local government investment pools are reported at net asset value, which approximates fair value. All investments are valued at fair value. The County investments are as follows:

| | Net Asset Value | Days to Maturity |
|--|----------------------|---------------------|
| Logic (Government Sponsored Investment Pool) | \$ 3,795,324 | 49 |
| Texas Class (Government Sponsored Investment Pool) | 1,207,894 | 41 |
| TexPool (Local Government Investment Pool) | 20,050,450 | 36 |
| Total | <u>\$ 25,053,668</u> | |

Investment Rate Risk. The County manages investment rate risk by limiting the weighted average maturity of its investments to less than one year.

Credit Risk. The County's investment policy limits investments to obligations of the United States or its instrumentalities; direct obligation of the State of Texas, the principal and interest that are unconditionally guaranteed or insured by this state or state rated as to investment quality of not less than AAA by a nationally recognized investment rating firm.

The County may also invest its funds in state law authorized government investment pools provided the pool maintains an AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days, and Commissioners' Court must approve of the investment. As of September 30, 2022, the investment in TexPool, Logic and Texas Class were rated AAAM.

The County may also invest in certificates of deposit or share certificates issued by a depository institution which has its main office or a branch office in this state and is guaranteed or insured by FDIC or the NCUSIC or is secured by collateral or other method provided for by state law.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

Custodial Credit Risk - Investment. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2022, the County's investments were held in government investment pools.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE C – RECEIVABLES

Receivables consist of the following as of September 30, 2022:

| | General | Unit Road Fund | Other Nonmajor Governmental Funds |
|--------------------------------------|---------------------|-----------------|---|
| Delinquent Property Taxes Receivable | \$ 2,441,694 | \$ 483 | \$ 177,622 |
| Property Tax Allowance | (174,391) | - | - |
| Court Fines and Fees Receivable | 14,089,338 | - | - |
| Court Fines and Fees Allowance | (13,378,706) | - | - |
| Sales Tax Receivable | 527,430 | - | - |
| Intergovernmental Receivables | - | 4,587 | 159,474 |
| Accounts Receivable | 18,842 | - | 97,388 |
| | <u>\$ 3,505,365</u> | <u>\$ 5,070</u> | <u>\$ 337,096</u> |

The County has a Notes Receivable from the Lockhart Economic Development Corporation in the amount of \$1.5 million. There is no interest charged and payments will be made as the Economic Development Corporation sells land.

NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2022 consisted of the following:

| Due to | Due from | | Purpose |
|----------------|---------------|-------------------|------------------------------|
| General Fund | Nonmajor Fund | \$ 487,434 | borrowed funds due to timing |
| General Fund | General Fund | 1,272 | borrowed funds due to timing |
| General Fund | ARPA fund | 1,258 | borrowed funds due to timing |
| Unit Road Fund | General Fund | 152,434 | borrowed funds due to timing |
| | Total | <u>\$ 642,398</u> | |

Interfund transfers at September 30, 2022 consisted of the following:

| Transfer Out | Transfer In | Transfers | Purpose |
|--------------|----------------|---------------------|--------------------------|
| General Fund | Unit Road Fund | \$ 4,260,461 | Property Tax Revenue |
| General Fund | Nonmajor Funds | 525,370 | Supplement Other Funding |
| | Total | <u>\$ 4,785,831</u> | |

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE E - PROPERTY TAX CALENDAR

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable in full by the following January 31. The County bills and collects its own property taxes and also the taxes for several other taxing agencies. The County acts only as an intermediary in the collection and distribution of property taxes to other entities. Tax collections deposited for the County are distributed as collected to the General, Unit Road and Debt Service Funds of the County. The distribution is based upon the tax rate established for each fund by Commissioners' Court for the tax year for which the collections are made.

The County is authorized by the tax laws for the State of Texas to levy taxes up to .80 per \$100 of the assessed valuation for general government invoices and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under article 3, Section 52 of the Texas Constitution. Net taxes receivable at the end of the fiscal year are treated as deferred outflows of resources.

The combined tax rate assessed on the 2021 tax roll (Caldwell County and Farm to Market Road) to finance operations and debt service for the fiscal year ended September 30, 2022, was \$.7053 per \$100 assessed valuation. The total tax levy for the fiscal year 2022 was \$22.2 of which \$816 thousand remained outstanding in delinquent taxes as of September 30, 2022.

NOTE F – CAPITAL ASSETS

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

| | Balance 10/1/2021 | Additions/ Transfers | Disposals/ Transfers | Balance 9/30/22 |
|---|----------------------|-------------------------|-------------------------|----------------------|
| <i>Governmental Activities</i> | | | | |
| <i>Capital Assets Not Depreciated:</i> | | | | |
| Construction in Progress | \$ 1,283,051 | \$ 2,470,656 | \$ - | \$ 3,753,707 |
| Land | 584,029 | - | - | 584,029 |
| <i>Total Capital Assets Not Depreciated</i> | <u>1,867,080</u> | <u>2,470,656</u> | <u>-</u> | <u>4,337,736</u> |
| <i>Capital Assets Being Depreciated:</i> | | | | |
| Infrastructure | 15,052,589 | 210,000 | - | 15,262,589 |
| Buildings and Improvements | 32,131,378 | - | - | 32,131,378 |
| Equipment, Machinery and Furniture | 14,337,331 | 999,798 | (81,947) | 15,255,182 |
| <i>Total Capital Assets Depreciated</i> | <u>61,521,298</u> | <u>1,209,798</u> | <u>(81,947)</u> | <u>62,649,149</u> |
| Totals at Historical Cost | <u>63,388,378</u> | <u>3,680,454</u> | <u>(81,947)</u> | <u>66,986,885</u> |
| <i>Less Accumulated Depreciation:</i> | | | | |
| Infrastructure | (13,457,379) | (212,338) | - | (13,669,717) |
| Buildings and Improvements | (9,850,335) | (683,733) | - | (10,534,068) |
| Equipment | (9,487,968) | (997,411) | 55,824 | (10,429,555) |
| <i>Total Accumulated Depreciation</i> | <u>(32,795,682)</u> | <u>(1,893,482)</u> | <u>55,824</u> | <u>(34,633,340)</u> |
| Governmental Capital Assets, Net | <u>\$ 30,592,696</u> | <u>\$ 1,786,972</u> | <u>\$ (26,123)</u> | <u>\$ 32,353,545</u> |

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE F – CAPITAL ASSETS (Continued)

Depreciation was charged to the governmental functions as follows:

| | |
|---|----------------------------|
| General Government | \$ 379,195 |
| Judicial | 232,660 |
| Public Facilities | 39,107 |
| Public Safety | 494,006 |
| Public Transportation | 735,253 |
| Environmental Protection | 8,485 |
| Conservation - Agriculture | <u>4,776</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 1,893,482</u></u> |

NOTE G - LONG-TERM DEBT

The County had the following changes in long-term debt outstanding for the year ended September 30, 2022:

| | Balance Outstanding 10/1/21 | Added During Year | Retired During Year | Balance Outstanding 9/30/22 | Due Within One Year |
|---|-----------------------------------|----------------------------|------------------------------|-----------------------------------|----------------------------|
| Governmental Activities: | | | | | |
| <i>Public Offerings</i> | | | | | |
| Limited Tax Refund Bonds, Series 2014 | \$ 6,135,000 | \$ - | \$ (475,000) | \$ 5,660,000 | \$ 490,000 |
| Combined Limited Pledged Revenue Certificates of Obligation, Series 2018 | 5,955,000 | - | - | 5,955,000 | 60,000 |
| Premium | 111,345 | - | (6,960) | 104,385 | 6,960 |
| Limited Tax Refunding Bonds, Series 2019 | 2,680,000 | - | (450,000) | 2,230,000 | 470,000 |
| Premium | 109,469 | - | (15,639) | 93,830 | 15,639 |
| <i>Public Offerings:</i> | <u>14,990,814</u> | <u>-</u> | <u>(947,599)</u> | <u>14,043,215</u> | <u>1,042,599</u> |
| <i>Direct Placement</i> | | | | | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 | 2,815,000 | - | (180,000) | 2,635,000 | 190,000 |
| <i>Direct Placement:</i> | <u>2,815,000</u> | <u>-</u> | <u>(180,000)</u> | <u>2,635,000</u> | <u>190,000</u> |
| Lease Liabilities | - | 1,412,656 | (394,779) | 1,017,877 | 474,491 |
| Subtotal | <u>17,805,814</u> | <u>1,412,656</u> | <u>(1,522,378)</u> | <u>17,696,092</u> | <u>1,707,090</u> |
| Compensated Absences | 597,260 | 130,419 | (42,194) | 685,485 | 685,485 |
| Total Governmental Activities | <u><u>\$ 18,403,074</u></u> | <u><u>\$ 1,543,075</u></u> | <u><u>\$ (1,564,572)</u></u> | <u><u>\$ 18,381,577</u></u> | <u><u>\$ 2,392,575</u></u> |

Deferred Outflow – Charge on Refunding in the amount of \$3,800 have been recognized as expense during the year.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE G - LONG-TERM DEBT (Continued)

The annual requirements for principal and interest on the outstanding certificates obligation and tax notes on public offerings are as follows:

| Year Ending September 30, | Principal | Interest | Annual Requirements |
|------------------------------|----------------------|---------------------|------------------------|
| 2023 | \$ 1,020,000 | \$ 448,356 | \$ 1,468,356 |
| 2024 | 1,070,000 | 413,688 | 1,483,688 |
| 2025 | 1,125,000 | 375,544 | 1,500,544 |
| 2026 | 1,175,000 | 338,118 | 1,513,118 |
| 2027 | 1,035,000 | 301,393 | 1,336,393 |
| 2028-2032 | 5,350,000 | 961,853 | 6,311,853 |
| 2033-2037 | 2,515,000 | 290,875 | 2,805,875 |
| 2038 | 555,000 | 18,037 | 573,037 |
| TOTAL | \$ 13,845,000 | \$ 3,147,864 | \$ 16,992,864 |

The annual requirements for principal and interest on the outstanding certificates obligation and tax notes on direct placements are as follows:

| Year Ending September 30, | Principal | Interest | Annual Requirements |
|------------------------------|---------------------|-------------------|------------------------|
| 2023 | \$ 190,000 | \$ 32,512 | \$ 222,512 |
| 2024 | 190,000 | 30,080 | 220,080 |
| 2025 | 190,000 | 27,648 | 217,648 |
| 2026 | 195,000 | 25,184 | 220,184 |
| 2027 | 195,000 | 22,688 | 217,688 |
| 2028-2032 | 1,025,000 | 74,912 | 1,099,912 |
| 2033-2035 | 650,000 | 12,544 | 662,544 |
| TOTAL | \$ 2,635,000 | \$ 225,568 | \$ 2,860,568 |

The total annual requirements for principal and interest on the outstanding certificates obligation and tax notes on all debt are as follows:

| Year Ending September 30, | Principal | Interest | Annual Requirements |
|------------------------------|----------------------|---------------------|------------------------|
| 2023 | \$ 1,210,000 | \$ 480,868 | \$ 1,690,868 |
| 2024 | 1,260,000 | 443,768 | 1,703,768 |
| 2025 | 1,315,000 | 403,192 | 1,718,192 |
| 2026 | 1,370,000 | 363,302 | 1,733,302 |
| 2027 | 1,230,000 | 324,081 | 1,554,081 |
| 2028-2032 | 6,375,000 | 1,036,765 | 7,411,765 |
| 2033-2037 | 3,165,000 | 303,419 | 3,468,419 |
| 2038 | 555,000 | 18,037 | 573,037 |
| TOTAL | \$ 16,480,000 | \$ 3,373,432 | \$ 19,853,432 |

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE G - LONG-TERM DEBT (Continued)

The County has both Public Offerings and Direct Placements. The following are the Certificates of Obligation and Notes Payable:

| Certificates of Obligation and Notes Payable | Balance at 9/30/22 | Due Within One Year |
|--|-----------------------|------------------------|
| <i>Public Offering:</i> | | |
| Limited Tax Refund Bonds, Series 2014 Original issue amount of \$8,555,000, interest rate varies between 2.00-3.75%, With final maturity date of February 1, 2032 | \$ 5,660,000 | \$ 490,000 |
| Combined Limited Pledged Revenue Certificates of Obligation, Series 2018 Original Issue amount of \$5,955,000, interest rate varies between 3.00%-4.00%, With final maturity date of February 1, 2038. | 5,955,000 | 60,000 |
| Limited Tax Refunding Bonds, Series 2019 Original Issue amount of \$3,530,000, interest rate varies between 2.50%-4.00%, With final maturity date of February 1, 2029 | 2,230,000 | 470,000 |
| <i>Direct Placement:</i> | | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 Original Issue amount of \$3,000,000, interest rate of 1.28%, With final maturity date of February 1, 2035 | 2,635,000 | 190,000 |
| TOTAL CERTIFICATES OF OBLIGATION AND NOTES PAYABLE | \$ 16,480,000 | \$ 1,210,000 |

Right of Use Leases

The County had financing agreements for 50 vehicles as of September 30, 2022 with Enterprise. The financing agreements qualify as than short-term leases under GASB 87 and., therefore have been recorded at the present value of the future minimum lease payments. The agreements range in interest rates from 3.96%-7.78%. The lease liability was measured at a discount of 3-5%. As a result of the leases, the County has recorded a right to use asset (vehicles) with a net book value of \$996,084.

Future minimum lease payments under the leases along with the present value of the minimum lease payments as of September 30, 2023:

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|---------------------|------------------|---------------------|
| 2023 | \$ 474,491 | \$ 26,408 | \$ 500,899 |
| 2024 | 355,408 | 12,543 | 367,950 |
| 2025 | 110,178 | 3,408 | 113,586 |
| 2026 | 77,800 | 1,185 | 78,985 |
| TOTAL | <u>\$ 1,017,877</u> | <u>\$ 43,543</u> | <u>\$ 1,061,420</u> |

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H - EMPLOYEES' RETIREMENT SYSTEM

Texas County and District Retirement System

Plan Description

The County participates as one of over 700 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. 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 PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the 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 District within the actuarial constraints imposed by the TCDRS Act so 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 contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The County has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 4.54% for the months of the calendar year 2021, and 6.02% for the months of the calendar year in 2022.

The contribution rate payable by the employee members for 2021 and 2022 is the rate of 5% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

| | 12/31/2020 | 12/31/2021 |
|---------------------------------------|------------|------------|
| Inactive Employees Receiving Benefits | 259 | 267 |
| Inactive Employees | 270 | 290 |
| Active Employees | 137 | 141 |
| | <u>666</u> | <u>698</u> |

Net Pension Liability/(Asset)

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

Actuarial Assumptions

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

| | |
|---|---|
| Inflation | 2.50% |
| Overall Payroll Growth | 5.00% |
| Investment Rate of Return | 7.50% |
| Depositing Members | 135% of the RP-2010 Active Employee Mortality Table for males and 120% of the RP-2010 Active Employee Mortality Table for females, projected with 100% of the MP-2021 Ultimate scale after 2010. |
| Service Retirees, Beneficiaries and Non-Depositing Members | 135% of the RP-2010 Healthy Annuitant Mortality Table for males and 120% of the RP-2010 Healthy Annuitant Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |
| Disabled Retirees | 160% of the RP-2010 Disabled Annuitant Mortality Table for males and 125% of the RP-2010 Disabled Annuitant Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. |

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Actuarial Assumptions (Continued)

Assumptions are reviewed annually. No additional changes were made for the 2017 valuation. Updated mortality assumptions were adopted in 2016. All other actuarial assumptions that determined the total pension liability as of December 31, 2017, were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 7.5%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

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 2018 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016, for more details.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Expected Real Rate of Return (Geometric)</u> |
|------------------------------------|--------------------------|---|
| US Equities | 11.50% | 3.80% |
| Private Equity | 25.00% | 6.80% |
| Global Equities | 2.50% | 4.10% |
| International Equities - Developed | 5.00% | 3.80% |
| International Equities - Emerging | 6.00% | 4.30% |
| Investment-Grade Bonds | 3.00% | -0.85% |
| Strategic Credit | 9.00% | 1.77% |
| Direct Lending | 16.00% | 6.25% |
| Distressed Debt | 4.00% | 4.50% |
| REIT Equities | 2.00% | 3.10% |
| Master Limited Partnerships (MLPs) | 2.00% | 3.85% |
| Private Real Estate Partnerships | 6.00% | 5.10% |
| Hedge Funds | 6.00% | 1.55% |
| Cash Equivalents | 2.00% | -1.05% |
| | <u>100.00%</u> | |

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Discount Rate

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

Discount Rate Sensitivity Analysis

The following presents the net pension liability/(asset) of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.60%) or 1-percentage point higher (8.60%) than the current rate:

| | Discount Rate 6.60% | Discount Rate 7.60% | Discount Rate 8.60% |
|-------------------------------|------------------------|------------------------|------------------------|
| Total pension liability | \$ 30,927,594 | \$ 26,970,924 | \$ 23,713,641 |
| Fiduciary net position | 30,168,158 | 30,168,158 | 30,168,158 |
| Net Pension Liability/(asset) | <u>\$ 759,436</u> | <u>\$ (3,197,234)</u> | <u>\$ (6,454,517)</u> |

Changes in Net Pension Liability (Asset)

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2021:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension (Asset)/Liability |
|--------------------------------------|----------------------------|--------------------------------|----------------------------------|
| Balance at December 31, 2020 | \$ 25,353,616 | \$ 24,855,205 | \$ 498,411 |
| Changes for the year: | | | |
| Service Cost | 1,026,107 | - | 1,026,107 |
| Interest on total pension liability | 1,958,914 | - | 1,958,914 |
| Change of Benefit Terms | - | - | - |
| Economic/Demographic gains or losses | (78,054) | - | (78,054) |
| Changes of Assumptions | (58,035) | - | (58,035) |
| Refund of Contributions | (227,612) | (227,612) | - |
| Benefit Payments | (1,004,012) | (1,004,012) | - |
| Administrative Expense | - | (16,320) | 16,320 |
| Member Contributions | - | 578,404 | (578,404) |
| Net Investment Income | - | 5,445,690 | (5,445,690) |
| Employer Contributions | - | 525,193 | (525,193) |
| Other | - | 11,610 | (11,610) |
| Net Changes | <u>1,617,308</u> | <u>5,312,953</u> | <u>(3,695,645)</u> |
| Balance at December 31, 2021 | <u>\$ 26,970,924</u> | <u>\$ 30,168,158</u> | <u>\$ (3,197,234)</u> |

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issues TCDRS financial report. That report may be obtained at www.tcdrs.com.

For the year ended September 30, 2022, the County recognized pension expense of \$614,648. Also, as of September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between Expected and Actual Economic Experience | \$ 112,055 | \$ - |
| Changes in Actuarial Assumptions | 739,904 | - |
| Net difference between projected and Actual Earnings | - | 3,402,687 |
| Contributions Subsequent to the Measurement Date | 467,626 | - |
| | <u>\$ 1,319,585</u> | <u>\$ 3,402,687</u> |

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

Deferred outflows of resources in the amount of \$467,626 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------------------|-----------------------|
| For the Year ended December 31, | |
| 2022 | \$ (268,676) |
| 2023 | (756,626) |
| 2024 | (813,096) |
| 2025 | (712,330) |
| | <u>\$ (2,550,728)</u> |

NOTE I – GROUP TERM LIFE FUND (GTLF)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); this insurance is for active employees who are making deposits into the TCDRS system or have made the last deposit within the past two years.

The County's contributions to the TCDRS GTLF for the year ended September 30, 2022 and 2021 were \$79,195 and \$72,965, respectively, which equaled the required contributions each year.

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE J - COMMITMENTS AND CONTINGENCIES

Litigation

The County is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the County's liability in these cases, if decided adversely to the County, will not have a material effect on the County's financial position.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County carries commercial insurance for all such risks. During the year ended September 30, 2022, settled claims resulting from these risks did not exceed commercial insurance coverage.

Construction Commitments

| | Total Commitment | Incurred Through September 30, 2022 | Estimated Future Commitment |
|-------------------|---------------------|--|-----------------------------------|
| Road Construction | \$ 667,892 | \$ 558,409 | \$ 109,483 |
| Road Engineering | 925,000 | 435,750 | 489,250 |
| Emergency Shelter | 3,526,738 | 1,673,219 | 1,853,519 |
| | <u>\$ 5,119,630</u> | <u>\$ 2,667,378</u> | <u>\$ 2,452,252</u> |

CALDWELL COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

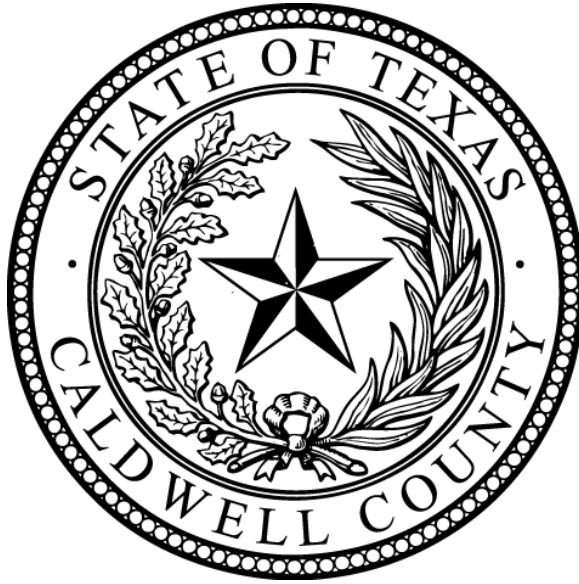
NOTE L – TAX ABATEMENT DISCLOSURES

Caldwell County negotiates property tax abatement agreements on an individual basis. The agreements freeze property tax revenues received from the paying entity at current levels and deprives the County of a percentage of future increases in ad valorem property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas until the tax increment financing obligations issued are repaid or the tax abatement period terminates. As of September 31, 2022, the County has tax abatement agreements with four entities. The gross amount of property tax abated during 2022 was \$28,292.

Veritacor Manufacturing, LLC – a tax abatement agreement was entered into on March 9, 2021 with Veritacor Manufacturing, LLC. for the construction of a multi-tenant business facility that can operate manufacturing and distribution businesses valued at an estimate cost of \$3,250,000. The effective date of the agreement is March 9, 2021 and will expire on March 9, 2031. The total amount of property tax abated during 2022 per the agreement was \$0.

Visionary Fiber Technologies – a tax abatement agreement was entered into on November 11, 2018 with Visionary Fiber Technologies. for the expansion of the business facility and job creation. The effective date of the agreement is November 11, 2018 and will expire on November 11, 2027. The agreement was amended on February 28, 2023 to increase the year 6 and 7 to a 66% rebate. The total amount of property tax abated during 2022 per the agreement was \$22,460.

Pure Castings Company – a tax abatement agreement was entered into on February 23, 2015 with Visionary Fiber Technologies. for the expansion of the business facility and job creation. The effective date of the agreement is February 23, 2018 and will expire on February 23, 2023. The agreement was amended on February 28, 2023 to increase the year 6 and 7 to a 66% rebate. The total amount of property tax abated during 2022 per the agreement was \$5,832.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund
- Budgetary Comparison Schedule – Unit Road Fund
- Budgetary Comparison Schedule – COVID Relief Program (ARPA) Funds
- Notes to Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
- Net Pension Liability and Related Ratios
- Schedule of Contributions and Related Notes

CALDWELL COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | Budgeted Amounts | | | Variance With Final Budget - | |
|--|----------------------|----------------------|----------------------|---------------------------------|----------------------|
| | Original | Final | 2022 Actual | Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property Taxes | \$ 21,503,654 | \$ 20,925,453 | \$ 21,490,787 | \$ 565,334 | \$ 19,629,249 |
| Other Taxes | 2,700,000 | 2,061,317 | 2,888,316 | 826,999 | 2,611,974 |
| Intergovernmental Revenue | 901,980 | 264,082 | 350,947 | 86,865 | 33,003 |
| Fees of Office | 1,348,853 | 1,054,665 | 1,276,447 | 221,782 | 1,229,070 |
| Fines | 978,780 | 482,487 | 601,669 | 119,182 | 655,400 |
| Licenses and Permits | 437,000 | 881,283 | 1,317,964 | 436,681 | 560,680 |
| Investment Earnings | 75,000 | 11,841 | 179,853 | 168,012 | 38,122 |
| Miscellaneous Revenue | 779,214 | 600,976 | 694,798 | 93,822 | 398,818 |
| TOTAL REVENUES | 28,724,481 | 26,282,104 | 28,800,781 | 2,518,677 | 25,156,316 |
| EXPENDITURES | | | | | |
| General Administration | 4,592,986 | 3,246,959 | 3,839,141 | (592,182) | 3,629,684 |
| Judicial | 2,746,064 | 1,842,839 | 2,206,824 | (363,985) | 1,999,141 |
| Legal | 1,700,498 | 1,258,971 | 1,551,859 | (292,888) | 587,285 |
| Financial Administration | 2,228,651 | 1,580,130 | 1,973,266 | (393,136) | 1,742,608 |
| Public Facilities | 933,794 | 722,727 | 987,297 | (264,570) | 695,778 |
| Public Safety | 11,071,813 | 10,634,627 | 10,481,850 | 152,777 | 9,672,023 |
| Public Transportation | 373,109 | 264,192 | 318,561 | (54,369) | 257,603 |
| Environmental Protection | 171,408 | 96,397 | 123,251 | (26,854) | 95,493 |
| Health and Welfare | 916,087 | 272,899 | 706,349 | (433,450) | 614,164 |
| Conservation - Agriculture | 193,138 | 144,780 | 174,701 | (29,921) | 170,285 |
| TOTAL EXPENDITURES | 24,927,548 | 20,064,521 | 22,363,099 | (2,298,578) | 19,464,064 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,796,933 | 6,217,583 | 6,437,682 | 220,099 | 5,692,252 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | - | - | 12,417 |
| Transfers Out | (4,816,643) | (398,819) | (4,785,831) | (4,387,012) | (5,319,090) |
| Insurance Proceeds | 85,675 | 121,157 | 126,659 | 5,502 | 35,812 |
| Lease Proceeds | - | - | 1,153,174 | | |
| TOTAL OTHER FINANCING SOURCES (USES) | (4,730,968) | (277,662) | (3,505,998) | (4,381,510) | (5,270,861) |
| Net Change in Fund Balance | (934,035) | 5,939,921 | 2,931,684 | (3,008,237) | 421,391 |
| Fund Balances at Beginning of Year | 15,641,409 | 15,641,409 | 15,641,409 | - | 15,220,018 |
| Fund Balances at End of Year | \$ 14,707,374 | \$ 21,581,330 | \$ 18,573,093 | \$ (3,008,237) | \$ 15,641,409 |

*2020 Actual has been restated for the prior period adjustment in Note K.

CALDWELL COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
UNIT ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | Budgeted Amounts | | | Variance With | |
|--|---------------------|-----------------------|---------------------|--|---------------------|
| | Original | Final | 2022 Actual | Final Budget Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property Taxes | \$ 3,134 | \$ 3,318 | \$ 3,334 | \$ 16 | \$ 2,959 |
| Intergovernmental Revenue | 194,560 | 23,556 | 123,556 | 100,000 | 14,281 |
| Licenses and Permits | 818,060 | 722,406 | 832,144 | 109,738 | 826,479 |
| Miscellaneous Revenue | 500 | 2,411 | 2,411 | - | - |
| TOTAL REVENUES | <u>1,016,254</u> | <u>751,691</u> | <u>961,445</u> | <u>209,754</u> | <u>843,719</u> |
| EXPENDITURES | | | | | |
| <i>Capital Outlay</i> | | | | | |
| Public Transportation | 5,280,615 | 5,481,389 | 5,210,305 | 271,084 | 4,000,600 |
| TOTAL EXPENDITURES | <u>5,280,615</u> | <u>5,481,389</u> | <u>5,210,305</u> | <u>271,084</u> | <u>4,000,600</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,264,361) | (4,729,698) | (4,248,860) | 480,838 | (3,156,881) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Lease Proceeds | - | 259,482 | 259,482 | - | - |
| Transfers In | 4,264,361 | 355,038 | 4,260,461 | 3,905,423 | 4,049,998 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>4,264,361</u> | <u>614,520</u> | <u>4,519,943</u> | <u>3,905,423</u> | <u>4,049,998</u> |
| Net Change in Fund Balance | - | (4,115,178) | 271,083 | 4,386,261 | 893,117 |
| Fund Balance at Beginning of Year | 2,907,411 | 2,907,411 | 2,907,411 | - | 2,014,294 |
| Fund Balance at End of Year | <u>\$ 2,907,411</u> | <u>\$ (1,207,767)</u> | <u>\$ 3,178,494</u> | <u>\$ 4,386,261</u> | <u>\$ 2,907,411</u> |

CALDWELL COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
COVID RELIEF (ARPA) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | <u>Budgeted Amounts</u> | | | Variance With Final Budget - | |
|--|-------------------------|----------------------------|-------------------------|---------------------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | 2022 Actual | Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Intergovernmental Revenues | \$ 4,240,610 | \$ 4,240,610 | \$ 1,901,323 | \$ (2,339,287) | \$ 298 |
| TOTAL REVENUES | <u>4,240,610</u> | <u>4,240,610</u> | <u>1,901,323</u> | <u>(2,339,287)</u> | <u>298</u> |
| EXPENDITURES | | | | | |
| Financial Administration | 39,842 | 39,842 | 39,842 | - | - |
| Public Safety | 3,850,768 | 1,153,728 | 1,557,875 | (404,147) | - |
| Health and Welfare | <u>350,000</u> | <u>250,000</u> | <u>250,000</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>4,240,610</u> | <u>1,443,570</u> | <u>1,847,717</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | 2,797,040 | 53,606 | (2,743,434) | 298 |
| Fund Balances at Beginning of Year | (331) | (331) | (331) | - | (629) |
| Fund Balances at End of Year | <u><u>\$ (331)</u></u> | <u><u>\$ 2,796,709</u></u> | <u><u>\$ 53,275</u></u> | <u><u>\$(2,743,434)</u></u> | <u><u>\$ (331)</u></u> |

CALDWELL COUNTY, TEXAS
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
SEPTEMBER 30, 2022

Budget and Budgetary Accounting

An annual budget is adopted for substantially all governmental funds of the County. Actual expenditures may not legally exceed budgeted appropriations at the expense summary classification level.

The procedures followed by Caldwell County in establishing the budgetary data reflected in the financial statements are as follows:

Budget Preparation – The County Judge, assisted by the County Auditor, prepares a proposed operating budget for the fiscal year beginning the following October 1, and files the proposed budget with the County Clerk in whose office it is available for public inspection. The operating budget includes proposed expenditures and the means of financing them.

Public Hearing – After proper publication of notice, a budget hearing is conducted by the Commissioners' Court to obtain taxpayer comments.

Budget Adoption – During a regular term of the Commissioners' Court the budget is adopted through the passage of an order. A separate order is provided in the budget.

Amendments to Budget – Amendments to the budget to transfer budgeted amounts from one budget classification (summary line) to another may be made by the Commissioners' Court at its discretion. Amendments to provide for items not included in the original budget may be made by the Commissioners' Court upon finding and declaring the existence of an emergency sufficient to require such action. The final amended budget is presented in this report.

Formal Budgetary Integration – Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Building Construction.

Budgets on GAAP Basis – The Budgets for all governmental fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

Expenditure Classifications – Budget is adopted by department for personnel services, operations and capital outlay. For management purposes, however, accounting records are maintained to match actual expenditures against several more detailed classifications within each of the budget categories.

Lapse of Appropriations – All budget appropriations lapse at the end of each fiscal period. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at the end of each year and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CALDWELL COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT PLAN YEARS

| Total Pension Liability/(Asset) | | | |
|---|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 |
| Service Cost | \$ 661,894 | \$ 699,158 | \$ 735,926 |
| Interest (on the Total Pension Liability) | 1,104,107 | 1,204,758 | 1,295,217 |
| Changes of Benefit Terms | - | (123,589) | - |
| Difference between Expected and Actual Experience | 14,581 | (234,308) | (173,840) |
| Change of Assumptions | - | 171,772 | - |
| Benefit Payments, Including Refunds of Employee Contributions | (543,659) | (617,525) | (572,411) |
| Net Change in Total Pension Liability | 1,236,923 | 1,100,266 | 1,284,892 |
| Total Pension Liability - Beginning | 13,572,985 | 14,809,908 | 15,910,174 |
| Total Pension Liability - Ending | <u>\$ 14,809,908</u> | <u>\$ 15,910,174</u> | <u>\$ 17,195,066</u> |
| Plan Fiduciary Net Position | | | |
| | 2014 | 2015 | 2016 |
| Contributions - Employer | \$ 326,662 | \$ 333,197 | \$ 337,091 |
| Contributions - Employee | 408,329 | 416,496 | 421,365 |
| Net Investment Income | 990,419 | (90,925) | 1,174,886 |
| Benefit Payments, Including Refunds of Employee Contributions | (543,659) | (617,525) | (572,411) |
| Administrative Expense | (11,711) | (11,390) | (12,768) |
| Other | (17,254) | 58,418 | (75,001) |
| Net Change in Plan Fiduciary Net Position | 1,152,786 | 88,271 | 1,273,162 |
| Plan Fiduciary Net Position - Beginning | 14,619,645 | 15,772,431 | 15,860,702 |
| Net Pension Liability - Ending | <u>\$ 15,772,431</u> | <u>\$ 15,860,702</u> | <u>\$ 17,133,864</u> |
| Net Pension Liability - Ending | \$ (962,523) | \$ 49,472 | \$ 61,202 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 106.50% | 99.69% | 99.64% |
| Covered Payroll | \$ 8,166,575 | \$ 8,329,910 | \$ 8,427,292 |
| Net Pension Liability as a Percentage of Covered Payroll | -11.79% | 0.59% | 0.73% |

This schedule is presented to illustrate the requirements for 10 years. However, the recalculations of prior years are not required, and if prior years are not reported in accordance with GASB 68 they should not be shown here. Therefore only the years shown have been implemented for the GASB statements.

| Total Pension Liability/(Asset) | | | | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 709,330 | \$ 763,772 | \$ 743,510 | \$ 892,005 | \$ 1,026,107 |
| 1,422,180 | 1,568,765 | 1,656,350 | 1,812,912 | 1,958,914 |
| 316,503 | - | - | - | - |
| 20,818 | (323,580) | 379,074 | 138,650 | (78,054) |
| 77,063 | - | - | 1,557,190 | (58,035) |
| (706,990) | (877,643) | (938,325) | (1,053,033) | (1,231,625) |
| 1,838,904 | 1,131,314 | 1,840,609 | 3,347,724 | 1,617,307 |
| 17,195,066 | 19,033,970 | 20,165,284 | 22,005,893 | 25,353,617 |
| <u>\$ 19,033,970</u> | <u>\$ 20,165,284</u> | <u>\$ 22,005,893</u> | <u>\$ 25,353,617</u> | <u>\$ 26,970,924</u> |

| Plan Fiduciary Net Position | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 361,461 | \$ 418,322 | \$ 446,256 | \$ 490,141 | \$ 525,193 |
| 457,059 | 471,084 | 515,299 | 556,935 | 578,404 |
| 2,502,740 | (367,645) | 3,179,089 | 2,329,342 | 5,445,690 |
| (706,990) | (877,643) | (938,325) | (1,053,033) | (1,231,625) |
| (13,125) | (15,549) | (17,182) | (18,187) | (16,321) |
| 1,371 | (6,074) | 3,936 | 2,058 | 11,613 |
| 2,602,516 | (377,505) | 3,189,073 | 2,307,256 | 5,312,954 |
| 17,133,864 | 19,736,380 | 19,358,875 | 22,547,948 | 24,855,204 |
| <u>\$ 19,736,380</u> | <u>\$ 19,358,875</u> | <u>\$ 22,547,948</u> | <u>\$ 24,855,204</u> | <u>\$ 30,168,158</u> |

| | | | | |
|--------------|------------|--------------|------------|----------------|
| \$ (702,410) | \$ 806,409 | \$ (542,056) | \$ 498,412 | \$ (3,197,234) |
|--------------|------------|--------------|------------|----------------|

| | | | | |
|---------|--------|---------|--------|---------|
| 103.69% | 96.00% | 102.46% | 98.03% | 111.85% |
|---------|--------|---------|--------|---------|

| | | | | |
|--------------|--------------|---------------|---------------|---------------|
| \$ 9,036,531 | \$ 9,421,683 | \$ 10,305,979 | \$ 11,138,709 | \$ 11,568,089 |
|--------------|--------------|---------------|---------------|---------------|

| | | | | |
|--------|-------|--------|-------|---------|
| -7.77% | 8.56% | -5.26% | 4.47% | -27.64% |
|--------|-------|--------|-------|---------|

CALDWELL COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS AND RELATED NOTES
LAST NINE FISCAL YEARS

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Employee Payroll | Contributions as a Percentage of Employee Covered Payroll |
|-------------|-------------------------------------|--|----------------------------------|--------------------------|---|
| 9/30/2014 | \$ 358,350 | \$ (358,350) | \$ - | \$ 7,673,455 | 4.7% |
| 9/30/2015 | 326,662 | (326,662) | - | 8,301,131 | 3.9% |
| 9/30/2016 | 337,091 | (337,091) | - | 8,292,576 | 4.1% |
| 9/30/2017 | 353,533 | (353,533) | - | 8,835,056 | 4.0% |
| 9/30/2018 | 411,418 | (411,418) | - | 9,510,392 | 4.3% |
| 9/30/2019 | 418,322 | (418,322) | - | 9,421,683 | 4.4% |
| 9/30/2020 | 446,256 | (446,256) | - | 10,305,979 | 4.3% |
| 9/30/2021 | 490,103 | (490,103) | - | 11,138,709 | 4.4% |
| 9/30/2022 | 590,337 | (590,337) | - | 11,960,760 | 4.9% |

This schedule is presented to illustrate the requirements for 10 years. However, the recalculations of prior years are not required, and if prior years are not reported in accordance with GASB 68 they should not be shown here. Therefore only the years shown have been implemented for the GASB statements.

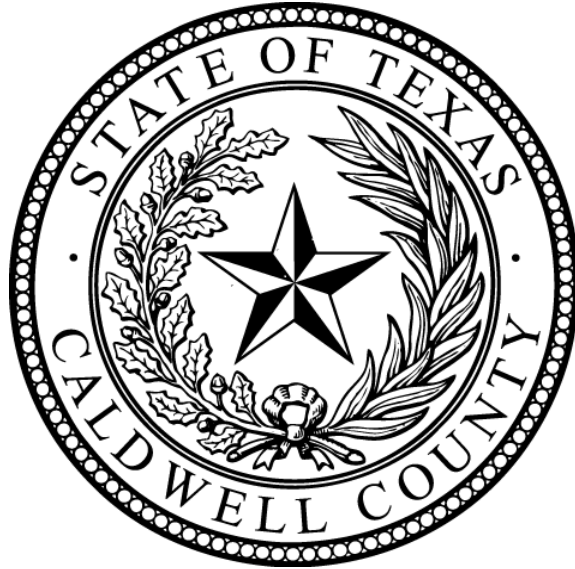
CALDWELL COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS AND RELATED NOTES (CONTINUED)
LAST EIGHT FISCAL YEARS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|------------------------------------|--|
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 18.8 years (based on contribution rate calculated in 12/31/21 valuation) |
| Asset Valuation Method | 5 year smoothed market |
| Inflation | 2.50% |
| Salary Increases | Varies by age and service. 4.7% average over career including inflation. |
| Investment Rate of Return | 7.50%, net of administrative and investment expenses, including inflation |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 135% pf RP-PUB 2010 General Retiree Table for males and 120% of the RP- PUB 2010 General Retiree Table for females, both projected with 100% of th MP-2021 Ultimate scale after 2010. |
| Changes in Plan Provisions | 2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 175% for future benefits. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. |
| Changes in Assumptions and Methods | 2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2020-2021: No Changes in assumptions and methods. |



SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statement – General Fund – Balance Sheet
- Comparative Statement – Unit Road Fund – Balance Sheet
- Comparative Statement – COVID Relief Program (ARPA) Fund – Balance Sheet
- Comparative Statement – Building Construction Fund
- Combining Statement – Nonmajor Governmental Funds
- Combining Statement – Special Revenue Funds
- Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds

CALDWELL COUNTY, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 17,767,741 | \$ 17,255,909 |
| Taxes Receivable | 2,464,460 | 2,326,073 |
| Allowance for Uncollectible Taxes (Credit) | (197,157) | (186,086) |
| Fines Receivables, net | 14,212,643 | 13,943,318 |
| Allowance for Fines (Credit) | (13,502,011) | (13,246,152) |
| Sales Tax Receivables | 527,430 | 475,158 |
| Intergovernmental Receivables | - | 140,647 |
| Accounts Receivables | 18,842 | 113,765 |
| Notes Receivable | 1,500,000 | 1,500,000 |
| Due from Other Funds | 489,964 | 488,692 |
| Prepaid Items | 88,447 | 78,760 |
| | <u>23,370,359</u> | <u>22,890,084</u> |
| TOTAL ASSETS | <u>\$ 23,370,359</u> | <u>\$ 22,890,084</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 1,054,717 | \$ 3,625,397 |
| Accrued Liabilities and other Payables | 307,792 | 228,190 |
| Due to Other Governments | 454,562 | 493,544 |
| Due to Others | 153,706 | 152,434 |
| Unearned Grant Revenue | 20 | 29,620 |
| <i>Total Liabilities</i> | <u>1,970,797</u> | <u>4,529,185</u> |
| <i>Deferred Inflows of Resources</i> | | |
| Deferred Tax Revenue | 2,115,837 | 2,022,324 |
| Deferred Fine Revenue | 710,632 | 697,166 |
| <i>Total Deferred Inflows of Resources</i> | <u>2,826,469</u> | <u>2,719,490</u> |
| <i>Fund Balances:</i> | | |
| Nondspendable Fund Balance: | | |
| Prepaid Items/Notes Receivable | 1,588,447 | 1,578,760 |
| Unassigned Fund Balance | 16,984,646 | 14,062,649 |
| <i>Total Fund Balances</i> | <u>18,573,093</u> | <u>15,641,409</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | <u>\$ 23,370,359</u> | <u>\$ 22,890,084</u> |

CALDWELL COUNTY, TEXAS
UNIT ROAD FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 3,284,594 | \$ 3,375,890 |
| Intergovernmental Receivables | 4,587 | 4,587 |
| Due from Other Funds | 152,434 | 152,434 |
| Inventories | 24,408 | 144,295 |
| Taxes Receivables - Net | <u>483</u> | <u>488</u> |
| TOTAL ASSETS | <u><u>\$ 3,466,506</u></u> | <u><u>\$ 3,677,694</u></u> |
| LIABILITIES, DEFERRED INFLOW AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | <u>\$ 287,481</u> | <u>\$ 769,811</u> |
| <i>Total Liabilities</i> | <u>287,481</u> | <u>769,811</u> |
| <i>Deferred Inflows of Resources:</i> | | |
| Deferred Tax Revenue | <u>531</u> | <u>472</u> |
| <i>Total Deferred Inflows of Resources:</i> | <u>531</u> | <u>472</u> |
| <i>Fund Balances:</i> | | |
| Nonspendable | 24,408 | 144,295 |
| Restricted: | | |
| Capital Acquisition | <u>3,154,086</u> | <u>2,763,116</u> |
| <i>Total Fund Balances</i> | <u>3,178,494</u> | <u>2,907,411</u> |
| TOTAL LIABILITIES, DEFERRED INFLOW AND FUND BALANCES | <u><u>\$ 3,466,506</u></u> | <u><u>\$ 3,677,694</u></u> |

CALDWELL COUNTY, TEXAS
COVID RELIEF PROGRAM (ARPA) FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 6,688,037 | \$ 4,241,537 |
| TOTAL ASSETS | <u>\$ 6,688,037</u> | <u>\$ 4,241,537</u> |
| LIABILITIES, DEFERRED INFLOW AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 1,258 | \$ 1,258 |
| Unearned Grant Revenue | <u>6,633,504</u> | <u>4,240,610</u> |
| <i>Total Liabilities</i> | <u>6,634,762</u> | <u>4,241,868</u> |
| <i>Fund Balances:</i> | | |
| Unassigned Fund Balance | <u>53,275</u> | <u>(331)</u> |
| <i>Total Fund Balances</i> | <u>53,275</u> | <u>(331)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOW AND FUND BALANCES | <u>\$ 6,688,037</u> | <u>\$ 4,241,537</u> |

CALDWELL COUNTY, TEXAS
BUILDING CONSTRUCTION FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | <u>\$ 906,939</u> | <u>\$ 897,502</u> |
| TOTAL ASSETS | <u><u>\$ 906,939</u></u> | <u><u>\$ 897,502</u></u> |
| LIABILITIES AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | <u>\$ -</u> | <u>\$ 6,014</u> |
| <i>Total Liabilities</i> | <u>-</u> | <u>6,014</u> |
| <i>Fund Balances:</i> | | |
| Restricted for Capital Projects | <u>906,939</u> | <u>891,488</u> |
| <i>Total Fund Balances</i> | <u><u>906,939</u></u> | <u><u>891,488</u></u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 906,939</u></u> | <u><u>\$ 897,502</u></u> |

CALDWELL COUNTY, TEXAS
BUILDING CONSTRUCTION FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

| | 2022 | 2021 |
|-----------------------------------|-------------------|-------------|
| | Actual | Actual |
| REVENUES | | |
| Investment Earnings | \$ 15,453 | \$ 2,618 |
| TOTAL REVENUES | 15,453 | 2,618 |
| EXPENDITURES | | |
| <i>Debt Service</i> | | |
| Public Facilities | - | 10,743 |
| Capital Outlay | - | 2,536,032 |
| TOTAL EXPENDITURES | - | 2,546,775 |
| Net Change in Fund Balance | 15,453 | (2,544,157) |
| Fund Balance at Beginning of Year | 891,486 | 3,435,645 |
| Fund Balance at End of Year | \$ 906,939 | \$ 891,488 |

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

| | Debt Fund | Total Special Revenue Funds | Total Nonmajor Governmental Funds |
|--|-------------------|--------------------------------------|--|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 446,493 | \$ 3,857,698 | \$ 4,304,191 |
| Taxes Receivable | 193,067 | - | 193,067 |
| Allowance for Uncollectible Taxes (Credit) | (15,445) | - | (15,445) |
| Intergovernmental Receivables | - | 159,474 | 159,474 |
| Accounts Receivable | | 97,388 | 97,388 |
| Prepaid Items | - | 11,861 | 11,861 |
| TOTAL ASSETS | <u>\$ 624,115</u> | <u>\$ 4,126,421</u> | <u>\$ 4,750,536</u> |
| LIABILITIES AND FUND BALANCE | | | |
| <i>Liabilities:</i> | | | |
| Accounts Payable | \$ - | \$ 449,470 | \$ 449,470 |
| Due to Other Funds | - | 487,434 | 487,434 |
| Unearned Grant Revenues | - | 394,313 | 394,313 |
| <i>Total Liabilities</i> | <u>-</u> | <u>1,331,217</u> | <u>1,331,217</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue - Property Taxes | 167,628 | - | 167,628 |
| <i>Total Deferred Inflows of Resources</i> | <u>167,628</u> | <u>-</u> | <u>167,628</u> |
| <i>Fund Balance:</i> | | | |
| Nonspendable - Prepaids | - | 11,861 | 11,861 |
| Restricted Fund Balance | | | |
| Debt Services | 456,487 | - | 456,487 |
| Contractual Obligations | - | 1,611,830 | 1,611,830 |
| Judicial | - | 558,726 | 558,726 |
| Legal | - | 41,195 | 41,195 |
| Public Safety | - | 186,915 | 186,915 |
| Records Management | - | 395,698 | 395,698 |
| Sheriff | - | 23,709 | 23,709 |
| Unrestricted Fund Balance (Deficit) | - | (36,401) | (36,401) |
| <i>Total Fund Balance</i> | <u>456,487</u> | <u>2,793,533</u> | <u>3,250,020</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE | <u>\$ 624,115</u> | <u>\$ 4,124,750</u> | <u>\$ 4,748,865</u> |

CALDWELL COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SEPTEMBER 30, 2022

| | Debt Fund | Total Special Revenue Funds | Total Nonmajor Governmental Funds |
|--|-------------------|--------------------------------------|--|
| REVENUES | | | |
| Property Tax Revenue | \$ 1,223,777 | \$ - | \$ 1,223,777 |
| Intergovernmental | - | 2,023,818 | 2,023,818 |
| Fees of Office | - | 319,142 | 319,142 |
| Investment Earnings | 14,801 | - | 14,801 |
| Miscellaneous Revenue | - | 2,422 | 2,422 |
| TOTAL REVENUES | <u>1,238,578</u> | <u>2,345,382</u> | <u>3,583,960</u> |
| EXPENDITURES | | | |
| General Administration | - | 937,007 | 937,007 |
| Judicial Expenditures | - | 96,604 | 96,604 |
| Public Safety Expenses | - | 1,787,897 | 1,787,897 |
| Public Transportation | - | - | - |
| Health and Welfare | - | 636,350 | 636,350 |
| Debt Service: | | | |
| Principal | 1,105,000 | - | 1,105,000 |
| Interest and Fiscal Charges | 516,005 | - | 516,005 |
| TOTAL EXPENDITURES | <u>1,621,005</u> | <u>3,457,858</u> | <u>5,078,863</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(382,427)</u> | <u>(1,112,476)</u> | <u>(1,494,903)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers In | - | 525,370 | 525,370 |
| Transfers Out | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>525,370</u> | <u>525,370</u> |
| Net Change in Fund Balance | (382,427) | (587,106) | (969,533) |
| Fund Balance at Beginning of Year | 838,914 | 3,382,310 | 4,221,224 |
| Fund Balance at End of Year | <u>\$ 456,487</u> | <u>\$ 2,795,204</u> | <u>\$ 3,251,691</u> |

CALDWELL COUNTY, TEXAS
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for resources which are legally restricted to expenditures for specified current operating purposes, or to the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short – lived fixed assets. The Special Revenue Funds used by the County are as follows:

Grants Fund – A special revenue fund to account for Grant revenue from various sources.

911 GIS – A special revenue fund to account for emergency services for the geographic information systems (GIS).

LEOSE Constable Fund – To account for fees collected from the Law Enforcement Officer Standards and Education Fund. These funds must be used to provide continuing education for law enforcement officers.

Justice Court Technology Fund – To account for the fees collected from a defendant convicted of a misdemeanor offense in Justice Court. The expenses may be used to purchase technological enhancements for the Justice Courts.

Records Preservation Fund – To account for receipts and expenditures for records management.

Law Library Fund – To account for receipts and expenditures for the law library.

Sheriff Forfeiture Fund – To account for federal and state forfeitures restricted to expenditures for law enforcement.

Hot Check Fund – To account for receipts and expenditures for hot checks.

District Attorney Forfeiture Fund – To account for federal and state forfeitures restricted to expenditures for law enforcement.

Records Management Fund – To account for receipts and expenditures for records management.

Courthouse Security Fund – A special revenue fund to account for the fees collected by the County Clerk and District Clerk. These expenses must be spent in accordance with the Code of Criminal Procedures, Section 102.017.

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2022

| | Grant | 911 G.I.S. Fund | LEOSE Constables Fund | Justice Court Technology | Records Preservation Fund |
|--|---------------------|-----------------------|-----------------------------|--------------------------------|---------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 2,592,880 | \$ 173,404 | \$ 13,511 | \$ - | \$ 350,056 |
| Intergovernmental Receivables | 159,474 | - | - | - | - |
| Accounts Receivable | 97,388 | | | | |
| Prepaid Items | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 2,849,742</u> | <u>\$ 173,404</u> | <u>\$ 13,511</u> | <u>\$ -</u> | <u>\$ 350,056</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| <i>Liabilities:</i> | | | | | |
| Accounts Payable | \$ 417,128 | \$ - | \$ - | \$ 24,447 | \$ 7,000 |
| Unearned Revenue | 394,313 | - | - | - | - |
| Due to Other Funds | 426,471 | - | - | 11,954 | - |
| <i>Total Liabilities</i> | <u>1,237,912</u> | <u>-</u> | <u>-</u> | <u>36,401</u> | <u>7,000</u> |
| <i>Fund Balance:</i> | | | | | |
| Nonspendable - Prepaids | - | - | - | - | - |
| Restricted Fund Balance | 1,611,830 | 173,404 | 13,511 | - | 343,056 |
| Unassigned Fund Balance (Deficit) | - | - | - | (36,401) | - |
| <i>Total Fund Balance</i> | <u>1,611,830</u> | <u>173,404</u> | <u>13,511</u> | <u>(36,401)</u> | <u>343,056</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE | <u>\$ 2,849,742</u> | <u>\$ 173,404</u> | <u>\$ 13,511</u> | <u>\$ -</u> | <u>\$ 350,056</u> |

| <u>Law Library</u> | <u>Sheriff's Forfeiture</u> | <u>Hot Check</u> | <u>DA Forfeiture Fund</u> | <u>Records Management</u> | <u>Courthouse Security</u> | <u>Special Revenue Subtotals</u> |
|------------------------|---------------------------------|----------------------|-----------------------------------|-------------------------------|--------------------------------|--|
| \$ 51,550 | \$ 23,709 | \$ 61,245 | \$ 41,195 | \$ 52,665 | \$ 497,483 | \$ 3,857,698 |
| - | - | - | - | - | - | 159,474 |
| | | | | | | 97,388 |
| - | - | - | - | 11,861 | - | 11,861 |
| <u>\$ 51,550</u> | <u>\$ 23,709</u> | <u>\$ 61,245</u> | <u>\$ 41,195</u> | <u>\$ 64,526</u> | <u>\$ 497,483</u> | <u>\$ 4,126,421</u> |
| | | | | | | |
| \$ 870 | \$ - | \$ - | \$ - | \$ 23 | \$ 2 | \$ 449,470 |
| - | - | - | - | - | - | 394,313 |
| 49,009 | - | - | - | - | - | 487,434 |
| <u>49,879</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>23</u> | <u>2</u> | <u>1,331,217</u> |
| | | | | | | |
| - | - | - | - | 11,861 | - | 11,861 |
| 1,671 | 23,709 | 61,245 | 41,195 | 52,642 | 497,481 | 2,819,744 |
| - | - | - | - | - | - | (36,401) |
| <u>1,671</u> | <u>23,709</u> | <u>61,245</u> | <u>41,195</u> | <u>64,503</u> | <u>497,481</u> | <u>2,795,204</u> |
| | | | | | | |
| <u>\$ 51,550</u> | <u>\$ 23,709</u> | <u>\$ 61,245</u> | <u>\$ 41,195</u> | <u>\$ 64,526</u> | <u>\$ 497,483</u> | <u>\$ 4,126,421</u> |

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Grant | 911 G.I.S. Fund | LEOSE Constables Fund | Justice Court Technology | Records Preservation Fund |
|--|---------------------|-----------------------|-----------------------------|--------------------------------|---------------------------------|
| REVENUES | | | | | |
| Intergovernmental | \$ 1,922,768 | \$ 88,233 | \$ 2,266 | \$ - | \$ - |
| Fees of Office | - | - | - | 16,115 | 223,110 |
| Miscellaneous Revenue | 1,447 | - | - | - | - |
| TOTAL REVENUES | <u>1,924,215</u> | <u>88,233</u> | <u>2,266</u> | <u>16,115</u> | <u>223,110</u> |
| EXPENDITURES | | | | | |
| General Administration | 364,870 | - | - | - | 127,053 |
| Judicial | 30,889 | - | - | 50,080 | - |
| Public Safety | 1,706,691 | 54,426 | 725 | - | - |
| Public Transportation | - | - | - | - | - |
| Health and Welfare | 636,350 | - | - | - | - |
| TOTAL EXPENDITURES | <u>2,738,800</u> | <u>54,426</u> | <u>725</u> | <u>50,080</u> | <u>127,053</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(814,585)</u> | <u>33,807</u> | <u>1,541</u> | <u>(33,965)</u> | <u>96,057</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In | - | - | - | 22,092 | 26,486 |
| Transfers Out | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,092</u> | <u>26,486</u> |
| Net Change in Fund Balance | (814,585) | 33,807 | 1,541 | (11,873) | 122,543 |
| Fund Balance at Beginning of Year | 2,426,415 | 139,597 | 11,970 | (24,528) | 220,513 |
| Fund Balance at End of Year | <u>\$ 1,611,830</u> | <u>\$ 173,404</u> | <u>\$ 13,511</u> | <u>\$ (36,401)</u> | <u>\$ 343,056</u> |

| Law Library | Sheriff's Forfeiture | Hot Check | DA Forfeiture Fund | Records Management | Courthouse Security | Special Revenue Subtotals |
|-----------------|-------------------------|------------------|--------------------------|-----------------------|------------------------|---------------------------------|
| \$ - | \$ - | \$ - | \$ 10,551 | \$ - | \$ - | \$ 2,023,818 |
| 18,289 | - | 1,135 | - | 19,180 | 41,313 | 319,142 |
| - | 369 | 606 | - | - | - | 2,422 |
| 18,289 | 369 | 1,741 | 10,551 | 19,180 | 41,313 | 2,345,382 |
| 4,415 | - | 1,181 | - | - | 439,488 | 937,007 |
| - | - | - | - | 15,635 | - | 96,604 |
| - | 25,449 | - | 606 | - | - | 1,787,897 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 636,350 |
| 4,415 | 25,449 | 1,181 | 606 | 15,635 | 439,488 | 3,457,858 |
| 13,874 | (25,080) | 560 | 9,945 | 3,545 | (398,175) | (1,112,476) |
| 31,602 | - | - | - | - | 445,190 | 525,370 |
| - | - | - | - | - | - | - |
| 31,602 | - | - | - | - | 445,190 | 525,370 |
| 45,476 | (25,080) | 560 | 9,945 | 3,545 | 47,015 | (587,106) |
| (43,805) | 48,789 | 60,685 | 31,250 | 60,958 | 450,466 | 3,382,310 |
| <u>\$ 1,671</u> | <u>\$ 23,709</u> | <u>\$ 61,245</u> | <u>\$ 41,195</u> | <u>\$ 64,503</u> | <u>\$ 497,481</u> | <u>\$ 2,795,204</u> |

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS - GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | <u>Budgeted Amounts</u> | | | Variance With Final Budget - | |
|--|-------------------------|---------------------|----------------------------|---------------------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | 2022 Actual | Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Intergovernmental Revenue | \$ 21,236,717 | \$ 1,454,069 | \$ 1,922,768 | \$ 468,699 | \$ 2,396,492 |
| Miscellaneous Revenue | - | - | 1,447 | 1,447 | 423 |
| TOTAL REVENUES | <u>21,236,717</u> | <u>1,454,069</u> | <u>1,924,215</u> | <u>470,146</u> | <u>2,396,915</u> |
| EXPENDITURES | | | | | |
| General Administration | 890,620 | 12,310 | 364,870 | (352,560) | 84,380 |
| Judicial | 203,450 | 14,463 | 30,889 | (16,426) | 4,900 |
| Public Safety | 17,675,019 | 1,215,653 | 1,706,691 | (491,038) | 33,550 |
| Public Transportation | - | 0 | - | - | 17,100 |
| Health and Welfare | 1,563,798 | 313,426 | 636,350 | (322,924) | 1,322,779 |
| TOTAL EXPENDITURES | <u>20,332,887</u> | <u>1,555,852</u> | <u>2,738,800</u> | <u>(1,182,948)</u> | <u>1,462,709</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 903,830 | (101,783) | (814,585) | (712,802) | 934,206 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | - | - | 756,539 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>756,539</u> |
| Net Change in Fund Balance | 903,830 | (101,783) | (814,585) | (712,802) | 1,690,745 |
| Fund Balances at Beginning of Year | 2,426,415 | 2,426,415 | 2,426,415 | - | 735,670 |
| Fund Balances at End of Year | <u>\$ 3,330,245</u> | <u>\$ 2,324,632</u> | <u>\$ 1,611,830</u> | <u>\$ (712,802)</u> | <u>\$ 2,426,415</u> |

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS – JUSTICE COURT TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | Budgeted Amounts | | | Variance With Final Budget - | |
|--|--------------------|--------------------|--------------------|---------------------------------|--------------------|
| | Original | Final | 2022 Actual | Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Fees of Office | \$ 26,100 | \$ 12,652 | \$ 16,115 | \$ 3,463 | \$ 14,947 |
| TOTAL REVENUES | <u>26,100</u> | <u>12,652</u> | <u>16,115</u> | <u>3,463</u> | <u>14,947</u> |
| EXPENDITURES | | | | | |
| Judicial | 50,080 | 50,080 | 50,080 | - | 45,846 |
| TOTAL EXPENDITURES | <u>50,080</u> | <u>50,080</u> | <u>50,080</u> | <u>-</u> | <u>45,846</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (23,980) | (37,428) | (33,965) | 3,463 | (30,899) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 23,980 | 1,841 | 22,092 | 20,251 | 12,348 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>23,980</u> | <u>1,841</u> | <u>22,092</u> | <u>20,251</u> | <u>12,348</u> |
| Net Change in Fund Balance | - | (35,587) | (11,873) | 23,714 | (18,551) |
| Fund Balances at Beginning of Year | (24,528) | (24,528) | (24,528) | - | (5,977) |
| Fund Balances at End of Year | <u>\$ (24,528)</u> | <u>\$ (60,115)</u> | <u>\$ (36,401)</u> | <u>\$ 23,714</u> | <u>\$ (24,528)</u> |

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS – RECORDS PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | Budgeted Amounts | | | Variance With Final Budget - | |
|--|-------------------|-------------------|-------------------|---------------------------------|-------------------|
| | Original | Final | 2022 Actual | Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Fees of Office | \$ 174,000 | \$ 177,320 | \$ 223,110 | \$ 45,790 | \$ 206,265 |
| TOTAL REVENUES | <u>174,000</u> | <u>177,320</u> | <u>223,110</u> | <u>45,790</u> | <u>206,265</u> |
| EXPENDITURES | | | | | |
| General Administration | 201,186 | 70,534 | 127,053 | (56,519) | 124,665 |
| TOTAL EXPENDITURES | <u>201,186</u> | <u>70,534</u> | <u>127,053</u> | <u>(56,519)</u> | <u>124,665</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (27,186) | 106,786 | 96,057 | (10,729) | 81,600 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 27,186 | 2,207 | 26,486 | 24,279 | 19,845 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>27,186</u> | <u>2,207</u> | <u>26,486</u> | <u>24,279</u> | <u>19,845</u> |
| Net Change in Fund Balance | - | 108,993 | 122,543 | 13,550 | 101,445 |
| Fund Balances at Beginning of Year | 220,513 | 220,513 | 220,513 | - | 119,068 |
| Fund Balances at End of Year | <u>\$ 220,513</u> | <u>\$ 329,506</u> | <u>\$ 343,056</u> | <u>\$ 13,550</u> | <u>\$ 220,513</u> |

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS – LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | Budgeted Amounts | | | Variance With Final Budget - | |
|--|--------------------|--------------------|-----------------|---------------------------------|--------------------|
| | Original | Final | 2022 Actual | Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Fees of Office | \$ 21,900 | \$ 15,009 | \$ 18,289 | \$ 3,280 | \$ 21,074 |
| TOTAL REVENUES | <u>21,900</u> | <u>15,009</u> | <u>18,289</u> | <u>3,280</u> | <u>21,074</u> |
| EXPENDITURES | | | | | |
| General Administration | 5,100 | 2,675 | 4,415 | (1,740) | 5,960 |
| TOTAL EXPENDITURES | <u>5,100</u> | <u>2,675</u> | <u>4,415</u> | <u>(1,740)</u> | <u>5,960</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 16,800 | 12,334 | 13,874 | 1,540 | 15,114 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | 31,602 | 31,602 | (12,417) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>31,602</u> | <u>31,602</u> | <u>(12,417)</u> |
| Net Change in Fund Balance | 16,800 | 12,334 | 45,476 | 33,142 | 2,697 |
| Fund Balances at Beginning of Year | (43,805) | (43,805) | (43,805) | - | (46,502) |
| Fund Balances at End of Year | <u>\$ (27,005)</u> | <u>\$ (31,471)</u> | <u>\$ 1,671</u> | <u>\$ 33,142</u> | <u>\$ (43,805)</u> |

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS – HOT CHECK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | Budgeted Amounts | | 2022 Actual | Variance With Final Budget - Positive (Negative) | 2021 Actual |
|------------------------------------|------------------|------------------|------------------|---|------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Fees of Office | \$ 2,000 | \$ 1,135 | \$ 1,135 | \$ - | \$ 295 |
| Miscellaneous Revenue | - | - | 606 | 606 | 612 |
| TOTAL REVENUES | <u>2,000</u> | <u>1,135</u> | <u>1,741</u> | <u>606</u> | <u>907</u> |
| EXPENDITURES | | | | | |
| General Administration | <u>2,000</u> | <u>1,457</u> | <u>1,181</u> | <u>276</u> | <u>2,375</u> |
| TOTAL EXPENDITURES | <u>2,000</u> | <u>1,457</u> | <u>1,181</u> | <u>276</u> | <u>2,375</u> |
| Net Change in Fund Balance | - | (322) | 560 | 882 | (1,468) |
| Fund Balances at Beginning of Year | 60,685 | 60,685 | 60,685 | - | 62,153 |
| Fund Balances at End of Year | <u>\$ 60,685</u> | <u>\$ 60,363</u> | <u>\$ 61,245</u> | <u>\$ 882</u> | <u>\$ 60,685</u> |

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS – RECORDS MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

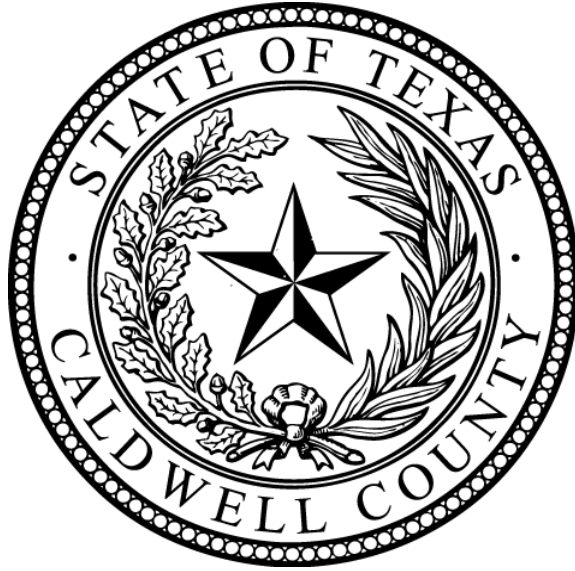
| | Budgeted Amounts | | | Variance With Final Budget - | |
|--|------------------|------------------|------------------|---------------------------------|------------------|
| | Original | Final | 2022 Actual | Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Fees of Office | \$ 16,000 | \$ 15,196 | \$ 19,180 | \$ 3,984 | \$ 10,162 |
| TOTAL REVENUES | <u>16,000</u> | <u>15,196</u> | <u>19,180</u> | <u>3,984</u> | <u>10,162</u> |
| EXPENDITURES | | | | | |
| Judicial | 16,000 | 15,635 | 15,635 | - | 17,083 |
| TOTAL EXPENDITURES | <u>16,000</u> | <u>15,635</u> | <u>15,635</u> | <u>-</u> | <u>17,083</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | (439) | 3,545 | 3,984 | (6,921) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | - | - | 2,589 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,589</u> |
| Net Change in Fund Balance | - | (439) | 3,545 | 3,984 | (4,332) |
| Fund Balances at Beginning of Year | 60,958 | 60,958 | 60,958 | - | 65,290 |
| Fund Balances at End of Year | <u>\$ 60,958</u> | <u>\$ 60,519</u> | <u>\$ 64,503</u> | <u>\$ 3,984</u> | <u>\$ 60,958</u> |

CALDWELL COUNTY, TEXAS
SPECIAL REVENUE FUNDS – COURTHOUSE SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | Budgeted Amounts | | | Variance With Final Budget - | |
|--|-------------------|-------------------|-------------------|---------------------------------|-------------------|
| | Original | Final | 2022 Actual | Positive (Negative) | 2021 Actual |
| REVENUES | | | | | |
| Fees of Office | \$ 42,900 | \$ 32,585 | \$ 41,313 | \$ 8,728 | \$ 33,518 |
| TOTAL REVENUES | <u>42,900</u> | <u>32,585</u> | <u>41,313</u> | <u>8,728</u> | <u>33,518</u> |
| EXPENDITURES | | | | | |
| General Administration | <u>488,090</u> | <u>368,015</u> | <u>439,488</u> | <u>(71,473)</u> | <u>431,682</u> |
| TOTAL EXPENDITURES | <u>488,090</u> | <u>368,015</u> | <u>439,488</u> | <u>(71,473)</u> | <u>431,682</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (445,190) | (335,430) | (398,175) | (62,745) | (398,164) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | <u>445,190</u> | <u>37,099</u> | <u>445,190</u> | <u>408,091</u> | <u>469,277</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>445,190</u> | <u>37,099</u> | <u>445,190</u> | <u>408,091</u> | <u>469,277</u> |
| Net Change in Fund Balance | - | (298,331) | 47,015 | 345,346 | 71,113 |
| Fund Balances at Beginning of Year | 450,466 | 450,466 | 450,466 | - | 379,353 |
| Fund Balances at End of Year | <u>\$ 450,466</u> | <u>\$ 152,135</u> | <u>\$ 497,481</u> | <u>\$ 345,346</u> | <u>\$ 450,466</u> |

CALDWELL COUNTY, TEXAS
DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

| | Budgeted Amounts | | | Variance With Final Budget - Positive (Negative) | 2021 Actual |
|--|-------------------|-------------------|-------------------|---|-------------------|
| | Original | Final | 2022 Actual | | |
| REVENUES | | | | | |
| Taxes | \$ 1,105,951 | \$ 1,184,447 | \$ 1,223,777 | \$ 39,330 | \$ 1,118,464 |
| Investment earnings | - | 481 | 14,801 | 14,320 | 4,544 |
| TOTAL REVENUES | <u>1,105,951</u> | <u>1,184,928</u> | <u>1,238,578</u> | <u>53,650</u> | <u>1,123,008</u> |
| EXPENDITURES | | | | | |
| Debt Service: | | | | | |
| Principal | 1,105,000 | 1,105,000 | 1,105,000 | - | 1,075,000 |
| Interest and Fiscal Charges | 516,505 | 516,005 | 516,005 | - | 542,421 |
| TOTAL EXPENDITURES | <u>1,621,505</u> | <u>1,621,005</u> | <u>1,621,005</u> | <u>-</u> | <u>1,617,421</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (515,554) | (436,077) | (382,427) | 53,650 | (494,413) |
| Fund Balances at Beginning of Year | 838,914 | 838,914 | 838,914 | - | 1,333,327 |
| Fund Balances at End of Year | <u>\$ 323,360</u> | <u>\$ 402,837</u> | <u>\$ 456,487</u> | <u>\$ 53,650</u> | <u>\$ 838,914</u> |



COMPLIANCE SECTION



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
Members of the Commissioners' Court
Caldwell County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell County as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Caldwell County's basic financial statements, and have issued our report thereon dated April 30, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Caldwell County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Caldwell County's internal control. Accordingly, we do not express an opinion on the effectiveness of Caldwell County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-003, 2022-004 and 2022-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caldwell County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the County in a separate letter dated April 30, 2024.

Caldwell County's Response to Findings

Caldwell County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Caldwell County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion about it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armstrong, Vaughan & Associates, P.C.

April 30, 2024



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH UNIFORM GUIDANCE AND TEXAS UNIFORM GRANT MANAGEMENT
STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
Members of the Commissioners' Court
Caldwell County

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Caldwell County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and in the Texas Comptroller of Public Accounts, *State of Texas Uniform Grant Management Standards*, which includes the State of Texas Single Audit Circular (UGMS) that could have a direct and material effect on each of Caldwell County, Texas' major federal and state programs for the year ended September 30, 2022. Caldwell County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Caldwell County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and UGMS. Our responsibilities under those standards, the Uniform Guidance, and UGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Caldwell County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state and program. Our audit does not provide a legal determination of Caldwell County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design and implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Caldwell County.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Caldwell County's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance and UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Caldwell County's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, UGMS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Caldwell County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Caldwell County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of Caldwell County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

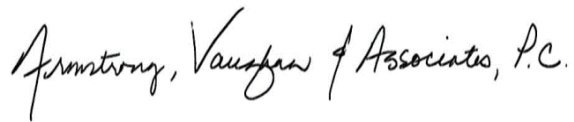
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-006 to be a material weakness.

Caldwell County's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The county's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion to the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

April 30, 2024

CALDWELL COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-FEDERAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Auditor's Results

Financial Statements

| | |
|---|------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Any material weaknesses identified? | Yes |
| Any significant deficiencies identified? | Yes |
| Noncompliance material to the financial statements noted? | No |

Federal Awards

| | |
|--|------------|
| Internal control over major programs: | |
| Any material weaknesses identified? | Yes |
| Any significant deficiencies identified? | No |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| Identification of major programs: | |
| <u>Name of Federal Program or Cluster</u> | |
| Coronavirus State Fiscal Relief Fund | |
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | No |

B. Financial Statement Findings

2022-01 through 2022-05

C. Federal Award Findings and Questioned Costs

2022-6

D. Prior Year Federal Findings

None

CALDWELL COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-STATE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Auditor's Results

Financial Statements

| | |
|---|------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Any material weaknesses identified? | Yes |
| Any significant deficiencies identified? | Yes |
| Noncompliance material to the financial statements noted? | No |

State Awards

| | |
|--|------------|
| Internal control over major programs: | |
| Any material weaknesses identified? | Yes |
| Any significant deficiencies identified? | No |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| Identification of major programs: | |
| <u>Name of State Program or Cluster</u> | |
| County Transportation Infrastructure Fund Grant | |
| Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | No |

B. Financial Statement Findings
2022-01 through 2022-05

C. State Award Findings and Questioned Costs
2022-6

D. Prior Year State Findings
2021-01 through 2021-06

CALDWELL COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR STATE AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

- Explanation Finding Recommendation: 2021-001 Cash and Cash Equivalents
Current Status: Not Implemented
Managements Explanation If Not Implemented: Hired an outside professional and he is currently working on cash. The elected Treasurer has also left the position.
- Explanation Finding Recommendation: 2021-002 Revenue Coding
Current Status: Not Implemented
Managements Explanation If Not Implemented: The former treasurer has left the position and the newly appointed Treasurer has begun training the staff to record revenues in the correct revenue account.
- Explanation Finding Recommendation: 2021-003 Agency Funds and Special Revenue Accounts
Current Status: Not Implemented
Managements Explanation If Not Implemented: This has not been accomplished due to staff turnover in the auditor's office. This will be accomplished by an outside professional.
- Explanation Finding Recommendation: 2021-004 General Ledger Accounts not Reconciled to Underlying Subsidiary Accounts and Records
Current Status: Not Implemented
Managements Explanation If Not Implemented: This has not been accomplished due to staff turnover in the auditor's office.
- Explanation Finding Recommendation: 2021-005 Function of the County Auditor's Office
Current Status: Not Implemented
Managements Explanation If Not Implemented: The Auditor's office did accomplish this function for the following year ended September 30, 2023.
- Explanation Finding Recommendation: 2021-006 Preparation of the Schedule of the Expenditures of State Awards (SESA)
Current Status: Not Implemented
Managements Explanation If Not Implemented: Turnover in the office prevented the reporting from being accomplished.

CALDWELL COUNTY, TEXAS
SCHEDULE OF FINDINGS AND RESPONSE ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
FOR THE YEAR ENDED SEPTEMBER 30, 2022

We consider the following deficiencies to be material weaknesses:

2022-001 Cash and Cash Equivalents

Criteria - A primary control over cash is the timely and accurate reconciliation of all cash accounts. The County was unable to maintain timely reconciliations of the County's cash accounts which is also a requirement of Texas Local Government Code, Sec. 113.008, Reconciliation of Depository Accounts.

Condition – Bank reconciliations were not prepared for October 2020 thru September 2021 until February 2022 or later, nor did they agree to the general ledger.

Effect – Inaccurate financial information was provided to Commissioners' Court as the bank reconciliations were not performed timely. The Treasurer's office was not able to find County errors, bank errors or fraudulent activity on a timely basis. Additionally, the bank only gives you a few months to identify and report fraudulent activities if you expect reimbursement.

Cause – The Treasurer has been unable to reconcile the bank accounts on a timely basis.

Recommendation - The County Treasurer and assistants should receive additional training in reconciling bank accounts (with continued support from outside professionals, if necessary), until all bank accounts are reconciled on a timely basis and tie to the general ledger.

2022-002 Revenue Coding

Criteria - A primary control over accurate financial statements is the timely and accurate recording of each receipt of revenue to the appropriate revenue account within the accounting software.

Condition – The Treasurer's Deputy Clerk posts the daily receipts to a general receivable account in the accounting software rather than the appropriate revenue account in the accounting software. The County Auditor's department then allocates the revenue to the appropriate account by journal entry. These were 578 of the 1,149 journal entries made to the accounting software to correct the revenues recorded by the Treasurer's office.

Effect – Inaccurate financial information was provided to Commissioners' Court as revenue was recorded to the accounts receivable account rather than the revenue account in the accounting software system. Therefore, revenues were understated throughout the year.

Cause – The Treasurer is recording the revenue as a receivable in the balance sheet account rather than a revenue in the Statement of Revenues and Expenditures. The County Auditor is then correcting the entries at a later date.

Recommendation – The County Treasurer should be posting all revenues to the appropriate accounts on the Statement of Revenues and Expenditures. They should only post to the Balance Sheet accounts when transactions are directly related to a liability or a receivable. The auditor's office should be auditing these transactions not performing them. The County Treasurer and assistants should receive additional training in recording revenue (with continued support from outside professionals, if necessary), until revenue is recorded correctly within the software system.

CALDWELL COUNTY, TEXAS
SCHEDULE OF FINDINGS AND RESPONSE ON INTERNAL CONTROL
OVER FINANCIAL REPORTING (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

We consider the following deficiencies to be significant deficiencies:

2022-003 Agency Funds and Special Revenue Accounts

Criteria –As per GASB Statement No. 84, Fiduciary Activities, the County is required to maintain a complete and accurate schedule of Fiduciary Funds (agency and trust funds) from the various elected officials.

Condition – Each elected official is currently monitoring trust and agency accounts and not sending this information to the auditor to record in the centralized accounting system. The County was unable to provide a summarized schedule of Fiduciary Funds at year end. In addition, there were two Special Revenue Accounts that were not included in the financial accounting software and current year activity was not recorded.

Effect – Misappropriation of assets could occur as well as inaccurate information provided in the financial statements.

Cause – The elected officials are not providing timely information to the County Auditor's office and the County Auditor's office is not following up on the missing information. Additionally, the information is not recorded in the centralized accounting system.

Recommendation – Information from the various elected officials bank accounts for such things as commissary funds, trust accounts, hot check funds, etc. should be provided to the County Auditor's office on a monthly basis. Activity for these funds should be included in the accounting software. A complete and accurate schedule of Agency Funds and Special Revenue Funds should be maintained. In addition, all special revenue activity should be recorded in the accounting software system. Although, improvement has been made, improvement is still necessary.

2022-004 General Ledger Accounts not Reconciled to Underlying Subsidiary Accounts and Records

Criteria - A primary control over accurate financial statements is the reconciliation of the subsidiary accounts to the general ledger.

Condition – The County Auditor is charged with maintaining the records of the County's financial transactions including the general ledger. We noted numerous balance sheet accounts are not being reconciled to the supporting subsidiary ledgers and accounts. This includes accruals such as receivables and liabilities, as well as, interfund transactions including due to/from and transfers.

Effect – Inaccurate financial information was provided to Commissioners' Court. Additionally, the balance sheet accounts were either over or understated.

Cause – Subsidiary Ledgers are not being compared to the corresponding general ledger accounts in the accounting software system by the County Auditor's Office.

Recommendation – Supporting subsidiary ledgers and accounts should be prepared by the appropriate department/personnel, such as the elected official, purchasing agent or grant coordinator and then audited and reconciled to the general ledger by the County Auditor's office. There has been improvement in this area in the past year.

CALDWELL COUNTY, TEXAS
SCHEDULE OF FINDINGS AND RESPONSE ON INTERNAL CONTROL
OVER FINANCIAL REPORTING (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Supporting subsidiary ledgers and accounts should be prepared by the appropriate department/personnel, such as the elected official, purchasing agent or grant coordinator and then audited and reconciled to the general ledger by the County Auditor's office. There has been improvement in this area in the past year.

2022-005 Function of the County Auditor's Office

Criteria - Texas Local Government Code, Chapter 115, Audit of County Finances, requires that at least once each quarter, the County Auditor shall check the books and shall examine in detail the reports of the county tax assessor-collector, the county treasurer, and all other officers.

Condition – As noted in several of our findings and by the previous auditor, the County Auditor's office is involved with preparing much of the financial documentation that they should be auditing. This means that they are auditing their own work. In addition, they do not have time to audit the other departments as required as they are doing work in other areas.

Effect – The County Auditor's office is auditing their own work, rather than reviewing and auditing the work of the other offices.

Cause – The office is shorthanded and is performing work that other offices should be accomplishing.

Recommendation – The County should carefully segregate the financial tasks to the appropriate department and personnel and that departments/personnel are properly trained on the financial tasks that are required of them. The County Auditor's office should audit the office of elected and appointed officials as required. In areas, where it is determined that they are auditing their own work changes should be made. The Auditor's office has audited several departments in September of 2022.

FINDINGS AND QUESTIONED COSTS FOR STATE AND FEDERAL AWARDS

2022-006 Preparation of the Schedule of the Expenditures of State Awards (SESA) and the Schedule of the Expenditures of the Federal Awards (SEFA).

Criteria – The County is responsible for the preparation for the Schedule of Expenditures of State Awards (SESA) and Federal Awards (SEFA). Controls should be in place to ensure complete and accurate reporting of information.

Condition – The County Grant Manager and the County Auditor's office were not able to provide an accurate Schedule of State and Federal Expenditures. The SESA and SEFA had incorrect amounts, did not take accruals into consideration, amounts that were not grants and grants that were not recorded. The external auditor was able to determine a Single audit was necessary as part of the auditing procedures.

Effect – The County did not determine that a Single Audit was necessary to comply with Federal and State Requirements.

Cause – Tracking of the expenditures of the grants for the SESA/SEFA is not accomplished until year end. The accruals, payments and prior year accruals were not considered in the preparation of the reports.

Recommendation – Expenditure tracking for the SESA/SEFA should be a continuing process. The Grant Manager should prepare the reports and the County Auditor's office should review the reports. We recommend training for the grants department and the auditor's office in the area of Single Audit.



Danielle Teltow
CALDWELL COUNTY AUDITOR
CALDWELL COUNTY, TEXAS

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CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Management concurs with the audit findings and has adopted a corrective action plan as summarized below:

2022-001 Cash and Cash Equivalents

An action plan included hiring an outside consultant that reconciled the money market account and completed a standard operating procedure on reconciling bank statements. Caldwell County will either hold the Treasurer accountable or consider hiring an additional accountant and/or maintain an outside consultant to resolve this matter.

2022-002 Revenue Coding

An action plan includes the County Auditor's office/System Administrator streamlining the revenue coding and creating a template for a more user-friendly format and cross training purposes. The County Auditor's office/System Administrator is working with the software company to interface the system into the main software to have less data entry by the County Treasurer's office, thus preventing errors. Scheduling for cross training from the County Auditor's office to the County Treasurer's office has been requested. We plan to accomplish this during the Summer of 2022. The County Auditor's office has met with the Departments as well as the County Treasurer's office to develop a "revenue sheet" for each department which has each revenue and liability with the corresponding general ledger account numbers. Each department will fill this in and send to the Treasurer's office. This will be directly recorded by the County Treasurer's office. The County Auditor's office is also looking into the ability to upload data from the other departments.

2022-003 Agency Funds and Special Revenue Accounts

The County Auditor's office receives and reviews the fifteen (15) agency bank accounts on a monthly basis from various departments. An action plan includes identifying the fund and/or department/division these agency accounts will be appropriated and/or allocated.

CORRECTIVE ACTION PLAN (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

2022-004 General Ledger Accounts not Reconciled to Underlying Subsidiary Accounts and Records

An action plan is for the County Auditor's office to continue scheduling the quarterly assessments and reconciliations. The County Auditor's office addressed taking several liabilities to Commissioner's Court for disbursement after year end.

2022-005 Function of the County Auditor's Office

An action plan is for the County Auditor's office to schedule the audits in an elected official's office as well as training the offices to complete their required duties. An additional assistant auditor/accountant is needed to train new elected officials/departments heads and new personnel on the various financial responsibilities (i.e. payable, payroll, budget, etc.).

2022-006 Federal and State Grant Management

An action plan includes the Grant Administrator and staff attending Single Audit training as well as the County Auditor staff, to ensure the SEFA and SESA are adequately maintained and reviewed on a monthly basis.

CALDWELL COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| Federal Grantor/Pass-through Grantor/Program Title | Assistance Listing Number | Pass-Through Entity Number | Federal Expenditures |
|--|---------------------------------|----------------------------------|----------------------------|
| U.S. DEPARTMENT OF TREASURY | | | |
| Passed Through Texas Office of the Secretary of State Coronavirus State Fiscal Relief Fund | 21.027 | N/A | \$ 2,392,894 |
| DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed Through Texas Department of Public Safety Emergency Management Performance | 97.042 | N/A | 7,200 |
| Harwood Road Culvert Project | 97.036 | 4332DRTXP0000001 | 191,008 |
| TOTAL DEPARTMENT OF HOMELAND SECURITY | | | <u>198,208</u> |
| DEPARTMENT OF JUSTICE | | | |
| Passed Through Office of the Governor Co-Morbidity Phase 4 Grant | 16.593 | 010-4310-4011 | 17,910 |
| HOUSING OF URBAN DEVELOPMENT | | | |
| Passed Through Texas General Land Office Community Development Board Grant - MIT Evacuation Shelter | 14.228 | 13-18-DP-48-0002 | 1,358,113 |
| Community Development Board Grant - Infrastructure | 14.228 | 7214025/7217045 | 243,728 |
| TOTAL HOUSING OF URBAN DEVELOPMENT | | | <u>1,601,841</u> |
| TOTAL FEDERAL AWARDS EXPENDED | | | <u><u>\$ 4,210,853</u></u> |

CALDWELL COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| State Grantor/Pass-through Grantor/Program Title | Pass-Through Entity Number | State Expenditures |
|--|----------------------------------|-----------------------|
| TEXAS DEPARTMENT OF AGRICULTURE | | |
| Feral Hog Grant Program | N/A | \$ 14,183 |
| TEXAS OFFICE OF THE ATTORNEY GENERAL | | |
| Texas SAVNS/VINE | 22184444 | 13,938 |
| TEXAS INDIGENT DEFENSE COMMISSION | | |
| Indigent Defense Formula Grant | 212-21-028 | 28,000 |
| TEXAS COMMISSION ON ENVIRONMENTAL QUALITY | | |
| Capital Area Council of Governments Emergency Response | 20-12-01 | 22,615 |
| TEXAS DEPARTMENT OF STATE HEALTH SERVICES | | |
| SIMS Training | 201-20-061 | 8,350 |
| TEXAS TOBACCO ENFORCEMENT PROGRAM | | |
| Texas School Safety Center | TXST-1A-2020-5071-TSSC | 44,632 |
| TEXAS DEPARTMENT OF TRANSPORTATION | | |
| County Transportation Infrastructure Fund Grant | CTIF-02-028 | 513,128 |
| TEXAS WATER DEVELOPMENT BOARD | | |
| Flood Infrastructure Fund Category 1 | G1001276 | <u>273,652</u> |
| TOTAL STATE AWARDS EXPENDED | | <u>\$ 918,498</u> |

CALDWELL COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 -- BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State Awards (SESA) and the Schedule of Expenditures of Federal Awards (SEFA) includes the state and federal grant activity for the County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance and the State of Texas Single Audit Circular (Audit Circular). Uniform Guidance sets for the standards and requirements for the Federal Government. The Audit Circular was issued under the authority of the Texas Government Code, Chapter 783, entitled Uniform Grant and Contracts Management. This circular sets standards for obtaining consistency and uniformity among state agencies for the coordinated audit of local governments expending any state awards. Because the schedule presents only a selected portion of the operations of the county, it is not intended to and does not present the financial position of the County.

