

**PALO PINTO COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**PALO PINTO COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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*FINANCIAL SECTION*



# EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 ▪ P.O. BOX 750  
WICHITA FALLS, TEXAS 76307-0750  
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA  
DAVID L. PARKMAN, CPA  
A. PAUL FLEMING, CPA

## Independent Auditor's Report

To The Honorable County Judge and County Commissioners  
Palo Pinto County, Texas

### **Report on the Audit of the Financial Statements**

#### **Qualified and Unmodified Opinions**

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

#### *Qualified Opinions on Governmental Activities and General Fund*

In our opinion, except for the effects of the matter described in the "Basis for Qualified and Unmodified Opinions" section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and General Fund of the County, as of September 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on American Rescue Plan Fund, Annex Capital Improvement Fund and the Aggregate Remaining Fund Information*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the American Rescue Plan Fund, Annex Capital Improvement Fund and the aggregate remaining fund information of the 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 Qualified and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Palo Pinto County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions.

#### *Matter Giving Rise to the Qualified Opinions on Governmental Activities and General Fund*

As fully described in Note 13 to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2022 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables should be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, Schedule of Employer Pension Contributions – Texas County and District Retirement System, Schedule of Changes in Total Other Post-Employment Benefit (OPEB) Liability and Related Ratios – Texas County and District Retirement System, Schedule of Employer OPEB Contributions – Texas County and District Retirement System and Schedule of Changes in Total OPEB Liability and Related Ratios – Palo Pinto County Retiree Health Care Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying other supplementary information comprised of combining and individual fund financial statements (C Exhibits) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information comprised of the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas  
February 7, 2023

## Management's Discussion and Analysis

As management of Palo Pinto County, we offer readers of the Palo Pinto County's financial statements this narrative overview of the financial activities of Palo Pinto County for the fiscal year ended September 30, 2022.

### Financial Highlights

The assets and deferred outflows of resources of Palo Pinto County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$31,761,808 (*net position*). Of this amount, \$14,267,921 (*unrestricted net position*) may be used to meet the County's ongoing obligations.

As of the close of the fiscal year, the Palo Pinto County's governmental funds reported combined ending fund balances of \$22,241,860. Of this total amount, \$15,509,906 (70 percent) is *available for spending* at the County's discretion (*unassigned fund balance*).

At the end of the fiscal year, unassigned fund balance for the General Fund is \$15,509,906 or 94 percent of total General Fund expenditures.

The County's current liabilities increased \$2,733,964 (75 percent) during the fiscal year. The increase is due to the increase in unearned revenues relative to the American Rescue Plan funding.

The County's total long-term liabilities decreased \$3,272,107 (36 percent) during the fiscal year. The decrease is due to the net of a decrease in net other post-employment benefit liability of \$1,294,156, a decrease in net pension liability of \$2,378,015 (became a net pension asset in the current year), an increase in compensated absences of \$31,529, the issuance of lease liabilities of \$142,515, retirement of debt of \$251,341 and a restating of the beginning lease liabilities by an increase of \$477,361 from the implementation of GASB 87.

### Overview of Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide a broad overview of Palo Pinto County's finances, in a manner similar to private sector business.

The *Statement of Net Position* presents information on all of Palo Pinto County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the County's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the year. All changes in net position are reported as soon as the event causing the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected taxes).



The government-wide financial statements are presented on pages 11-12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Palo Pinto County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Palo Pinto County can be divided into three categories: governmental funds, internal service, and fiduciary funds.

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

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

Palo Pinto County maintains thirty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, American Rescue Plan Fund and Annex Capital Improvement Fund, which are considered to be major funds. Data from the other thirty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining funds* elsewhere in this report.

Palo Pinto County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund.

The basic governmental financial statements can be found on pages 13 and 15-16 of this report.

*Internal service.* The County adopted a Health Reimbursement Arrangement (HRA) Plan and it is accounted for as an internal service fund. The internal service fund's financial statements are on pages 18-20 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The combined fiduciary fund financial statements can be found on pages 21-22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the audited financial statements.

The notes can be found on pages 23-53 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Palo Pinto County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,761,808 at September 30, 2022.

The largest portion of the County's net position (47 percent) reflects its investment in capital assets (eg, land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Palo Pinto County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Position**

	<i>Government Activities</i>	
	2022	2021
<i>Current and Other Assets</i>	\$ 29,311,816	\$ 23,254,446
<i>Capital Assets</i>	16,429,040	15,772,813
<i>Net Pension Asset</i>	3,791,996	-
<b>Total Assets</b>	<b>\$ 49,532,852</b>	<b>\$ 39,027,259</b>
 <i>Deferred Outflows of Resources</i>	 \$ 2,279,764	 \$ 2,993,192
 <i>Current Liabilities</i>	 \$ 6,400,822	 \$ 3,666,858
<i>Long-Term Liabilities</i>	5,923,235	9,195,342
<b>Total Liabilities</b>	<b>\$ 12,324,057</b>	<b>\$ 12,862,200</b>
 <i>Deferred Inflows of Resources</i>	 \$ 7,726,751	 \$ 1,940,488
 <b>Net Position:</b>		
<i>Net Investment in Capital Assets</i>	\$ 14,996,677	\$ 14,708,985
<i>Restricted</i>	2,497,210	2,370,431
<i>Unrestricted</i>	14,267,921	10,138,347
<b>Total Net Position</b>	<b>\$ 31,761,808</b>	<b>\$ 27,217,763</b>

Restricted net position represents resources that are subject to external restrictions. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, Palo Pinto County is able to report positive balances in net position, for the government as a whole, as well as for its separate governmental activities.

## Changes in Net Position

	<i>Government Activities</i>	
	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
<i>Charges for Services</i>	\$ 3,526,837	\$ 3,421,354
<i>Operating Grants and Contributions</i>	398,178	606,622
<i>Capital Grants and Contributions</i>	295,431	194,109
<b>General Revenues:</b>		
<i>Property Taxes</i>	13,991,228	13,655,840
<i>Other Taxes</i>	2,713,851	2,218,211
<i>Other</i>	521,972	322,179
<b>Total Revenues</b>	<u>\$ 21,447,497</u>	<u>\$ 20,418,315</u>
<b>Expenses:</b>		
<i>General Government</i>	\$ 4,237,279	\$ 2,811,665
<i>Administration of Justice</i>	2,248,093	2,006,458
<i>Public Safety</i>	3,350,014	3,324,172
<i>Corrections and Rehabilitation</i>	2,755,324	2,661,704
<i>Health and Human Services</i>	298,805	437,205
<i>Community and Economic Development</i>	427,384	258,845
<i>Infrastructure and Environmental Services</i>	3,583,682	5,037,522
<i>Debt Service</i>	483	483
<b>Total Expenses</b>	<u>\$ 16,901,064</u>	<u>\$ 16,538,054</u>
<i>Change in Net Position</i>	<u>\$ 4,546,433</u>	<u>\$ 3,880,261</u>
<i>Net Position - 10/1</i>	<u>27,217,763</u>	<u>23,337,502</u>
<i>Prior Period Adjustment</i>	<u>( 2,388)</u>	<u>-</u>
<i>Net Position - 9/30</i>	<u>\$ 31,761,808</u>	<u>27,217,763</u>

### Financial Analysis of the Government's Funds

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

The General Fund is the chief operating fund of Palo Pinto County. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$15,509,906 while the total fund balance reached \$17,760,341. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 94 percent of total General Fund expenditures, while total fund balance represents 107 percent of total General Fund expenditures.

The fund balance of Palo Pinto County's General Fund increased by \$2,114,738 (including \$1,044 additional from a prior period adjustment reclassification from other governmental funds) during the current fiscal year. Key factors in this growth are as follows:

- Sales taxes revenue increased by \$405,523 due to an improved economy and online purchases being taxed.
- Other revenue increased by \$182,495 due to new narcotics agreement revenues with the City of Mineral Wells and new 1033 program revenue.
- 29<sup>th</sup> District Court expenditures increased by \$224,866 due to additional costs while reopening after COVID closure.
- Emergency medical and health services expenditures decreased \$170,000 mostly due to a reduction in funding of the PPC ESD #1.
- General operations expenditures increased \$384,007 for increased juvenile probation funding, an increase in utility costs, outsource IT services in the current year and additional costs for various capital outlay purchases in the current year.
- Jail and detention expenditures increased \$292,185 mostly due to additional salaries because fewer positions were open in the current year compared to the prior year.
- Sheriff expenditures increased \$177,773 mostly due to increased capital outlay purchases in the current year.
- General Fund transfers in from other funds decreased \$182,961 from the prior year because CARES Act grant funds were transferred to the General Fund to reimburse for program costs paid by the General Fund in the prior year while no funds were transferred from other funds to the General Fund in the current year.

The American Rescue Plan Fund has a fund balance of \$48,741 all of which is committed for public safety. This represents an increase of \$45,124 from 2021. The increase is due to interest earned on funds not yet expended. The County received \$2,834,810 of American Rescue Plan grant in the current year in addition to \$2,834,811 received in the prior year but none has been expended through September 30, 2022.

The Annex Capital Improvement Fund has a fund balance of \$1,469,402 all of which is committed for future capital improvement projects. This represents an increase of \$734,661 from 2021. The significant changes in activity between years is a decrease in capital projects costs by \$1,449,505 because the construction project for the new annex is winding down. General operations expenditures increased \$103,885 due to the purchase of furniture and equipment for the new annex building in the current year.

The nonmajor Capital Projects Funds have a total fund balance of \$1,075,296 all of which is restricted or committed for future capital projects. This represents an increase of \$85,963 (including a prior period adjustment reclassification for expenditures paid by the General Fund in the prior year which reduced beginning fund balance \$1,044) from 2021. It is the intent of the County to use these funds for future growth and expansion needs of the County.

The Debt Service Funds have a total fund balance of \$5,450 which was a decrease of \$2,869 from the prior year. The Funds are used to account for the Texas Capital Fund loan and the County's certificates of obligation. The monthly lease payments received by the County are immediately paid toward the loan balance. Interest and sinking tax levy collections are used to service the annual certificate of obligation payments.

Palo Pinto County's Special Revenue Funds have a combined restricted and committed fund balance of \$1,882,630 which represents an increase of \$91,477 primarily due to an increase in the county clerk PRF fund less a decrease in the courthouse security fund.

### **General Fund Budgetary Highlights**

The final amended budget showed budgeted revenues increased \$166,235 over the original budget. The individual revenue category that changed significantly from the beginning to the final budget was other revenue which increased \$149,941 to allow for additional narcotics agreement revenue and new 1033 program revenue. The final amended budget showed budgeted expenditures increased \$381,272 over the original budget. The only individual expenditure category that changed significantly was road and bridge precinct three expenditures which increased \$164,853 to allow for additional capital outlay projects.

It is the practice of the County to budget very conservatively. Actual revenues were \$1,095,892 or 5.8% higher than budgeted. Sales taxes were \$644,725 or 37.9% higher than budgeted and licenses, fees and fines were \$234,326 or 8.8% percent higher than budgeted due to conservative budgeting. Actual operating expenditures were \$1,835,639 or 10.0% lower than budgeted. This can be attributed primarily to lower than anticipated costs in general operations, jail and detention operations and road and bridge operations.

### **Capital Asset and Debt Administration**

*Capital assets.* Palo Pinto County's investment in capital assets for its governmental activities as of September 30, 2022 amounts to \$16,429,040 (net of depreciation). This investment in capital assets includes land, buildings and building improvements, other improvements, transportation, machinery, equipment and other assets, infrastructure and construction-in-progress.

Major capital asset events during the current fiscal year included the following:

- ◆ Infrastructure additions totaling \$245,614.
- ◆ The costs for annex building project in progress at the end of the year totaling \$2,558,639 an increase of \$406,624 from the prior year.
- ◆ The purchase of several vehicles, a backhoe, a motor grader totaling \$490,645.
- ◆ The purchase of new election equipment totaling \$290,929.
- ◆ A purchase of new computer equipment totaling \$189,467.
- ◆ The restatement of beginning capital assets net for right-to-use leased assets under GASB 87 for leases previously reported as operating leases totaling \$474,973.
- ◆ The disposal of old equipment and the Old Café building for \$95,665 with a net book value of \$0.

Additional information on the County's capital assets can be found in Note 5 on page 33 of this report.

*Long-term debt.* At the end of the fiscal year, the County had total long-term obligations of \$5,923,235 outstanding, including net other post-employment obligation liability. This debt is 100% backed by the full faith and credit of the County.

Additional information on the County's long-term debt can be found in Note 7 on pages 34-37 of this report.

### **Economic Factors and Next Year's Budgets**

At the end of the fiscal year the unassigned fund balance in the General Fund was \$15,509,906. The County appropriated \$1,840,221 of the fund balance for spending in the 2022-23 fiscal year budget for several contingency line items in the General Fund for unexpected emergencies.

### **Requests for Information**

This financial report is designed to provide a general overview of Palo Pinto County's finances. Questions concerning information in this report should be addressed to the County Auditor, Palo Pinto County, P.O. Box 159, Palo Pinto, Texas 76484.

Reference: Gauthier, Stephen J. Governmental Accounting, Auditing, and Financial Reporting, Chicago: Government Finance Officers Association, 2001.

*BASIC FINANCIAL STATEMENTS*

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 8,508,622
Investments	18,738,493
Receivables:	
Property taxes, net	321,771
Sales taxes	453,845
Occupancy taxes	91,664
Accounts	288,080
Right-to-use leases receivable	294,005
Due from fiduciary	230,539
Prepaid expenses	301,617
Inventory	83,180
Capital assets, net	16,429,040
Net pension asset	3,791,996
Total assets	<u>49,532,852</u>
<b>Deferred Outflows of Resources</b>	
Pension plan related	1,939,942
OPEB related	339,822
Total deferred outflows of resources	<u>2,279,764</u>
<b>Liabilities</b>	
Accounts payable	410,085
Accrued liabilities	148,099
Due to fiduciary	30,998
Due to others	142,019
Unearned revenues	5,669,621
Long-term liabilities:	
Due within one year	555,677
Due in more than one year	1,170,828
Total OPEB liability	4,196,730
Total liabilities	<u>12,324,057</u>
<b>Deferred Inflows of Resources</b>	
Pension plan related	5,917,347
OPEB related	1,515,399
Right-to-use leases receivable related	294,005
Total deferred inflows of resources	<u>7,726,751</u>
<b>Net Position</b>	
Net investment in capital assets	14,996,677
Restricted	2,497,210
Unrestricted	14,267,921
Total net position	<u>\$ 31,761,808</u>

The accompanying notes are an integral part of this statement.



**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
General Government	\$ 4,237,279	\$ 1,687,016	\$ -	\$ 295,431	\$ (2,254,832)
Administration of Justice	2,248,093	702,224	154,519	-	(1,391,350)
Public Safety	3,350,014	90,040	114,144	-	(3,145,830)
Corrections and Rehabilitation	2,755,324	172,061	-	-	(2,583,263)
Health and Human Services	298,805	-	-	-	(298,805)
Community and Economic Development	427,384	2,355	-	-	(425,029)
Infrastructure and Environmental Services	3,583,682	873,141	129,515	-	(2,581,026)
Debt service	483	-	-	-	(483)
Total governmental activities	<u>\$ 16,901,064</u>	<u>\$ 3,526,837</u>	<u>\$ 398,178</u>	<u>\$ 295,431</u>	<u>(12,680,618)</u>
General revenues:					
Property taxes, levied for general purposes					13,948,112
Property taxes, levied for debt service					43,116
Sales taxes					2,344,725
Hotel/motel taxes					286,678
Mixed beverage taxes					82,448
Investment earnings					258,984
Miscellaneous					262,988
Total general revenues					<u>17,227,051</u>
Change in net position					<u>4,546,433</u>
Net position - beginning of year, as originally stated					27,217,763
Prior Period Adjustment					(2,388)
Net position - beginning of year, as restated					<u>27,215,375</u>
Net position - ending					<u>\$ 31,761,808</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 138,085	\$ 5,718,362	\$ 1,174,754	\$ 1,389,171	\$ 8,420,372
Investments	16,893,514	-	416,453	1,428,526	18,738,493
Receivables, net:					
Property taxes	320,810	-	-	961	321,771
Sales taxes	453,845	-	-	-	453,845
Occupancy taxes	-	-	-	91,664	91,664
Accounts	236,169	-	-	51,911	288,080
Due from other funds	183,726	-	-	20,031	203,757
Unrealized expenses	301,617	-	-	-	301,617
Inventory	83,180	-	-	-	83,180
Total assets	<u>\$ 18,610,946</u>	<u>\$ 5,718,362</u>	<u>\$ 1,591,207</u>	<u>\$ 2,982,264</u>	<u>\$ 28,902,779</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 245,778	\$ -	\$ 121,805	\$ 13,674	\$ 381,257
Accrued liabilities	137,992	-	-	4,043	142,035
Due to other funds	4,216	-	-	-	4,216
Due to others	141,809	-	-	210	142,019
Unearned revenues	-	5,669,621	-	-	5,669,621
Total liabilities	<u>529,795</u>	<u>5,669,621</u>	<u>121,805</u>	<u>17,927</u>	<u>6,339,148</u>
Deferred inflows of resources:					
Unavailable property taxes	<u>320,810</u>	<u>-</u>	<u>-</u>	<u>961</u>	<u>321,771</u>
Fund balances:					
Nonspendable	384,797	-	-	-	384,797
Restricted	18,272	48,741	-	2,429,236	2,496,249
Committed	7,145	-	1,469,402	534,140	2,010,687
Assigned	1,840,221	-	-	-	1,840,221
Unassigned	15,509,906	-	-	-	15,509,906
Total fund balances	<u>17,760,341</u>	<u>48,741</u>	<u>1,469,402</u>	<u>2,963,376</u>	<u>22,241,860</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,610,946</u>	<u>\$ 5,718,362</u>	<u>\$ 1,591,207</u>	<u>\$ 2,982,264</u>	<u>\$ 28,902,779</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds (Exhibit A-3)		\$ 22,241,860
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:		
Gross capital assets	\$ 34,200,309	
Related accumulated depreciation	<u>17,771,269</u>	16,429,040
Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		321,771
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Certificates of obligation	365,000	
Note payable	294,000	
Right-to-use lease liabilities	773,363	
Accrued compensated absences	<u>294,142</u>	(1,726,505)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are recorded only when due.		(6,064)
The County uses an internal service fund to operate a health reimbursement account (HRA) for the benefit of all eligible employees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		59,422
The County's net pension and OPEB liabilities and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System and the OPEB liability and related deferred outflows and inflows related to the County-provided retiree medical coverage do not meet criteria to be reported in the governmental funds financial statements. These items consist of:		
Net pension asset	3,791,996	
Deferred outflows - pension related items	1,939,942	
Deferred inflows - pension related items	(5,917,347)	
Total OPEB liability	(4,196,730)	
Deferred outflows - OPEB related items	339,822	
Deferred inflows - OPEB related items	<u>(1,515,399)</u>	<u>(5,557,716)</u>
Total net position - governmental activities (Exhibit A-1)		<u>\$ 31,761,808</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 13,954,741	\$ -	\$ -	\$ 42,155	\$ 13,996,896
Sales taxes	2,344,725	-	-	-	2,344,725
Occupancy tax	-	-	-	286,678	286,678
Mixed beverage tax	82,448	-	-	-	82,448
Licenses, fees and fines	2,889,606	-	-	312,457	3,202,063
Federal and state grants	247,010	-	-	425,235	672,245
Inmate revenue	91,124	-	-	-	91,124
Commissary revenue	-	-	-	80,937	80,937
Interest earned	162,567	45,124	13,735	36,353	257,779
Other revenue	337,626	-	-	99,439	437,065
<b>Total revenues</b>	<b>20,109,847</b>	<b>45,124</b>	<b>13,735</b>	<b>1,283,254</b>	<b>21,451,960</b>
<b>Expenditures</b>					
29th District Court	585,047	-	-	-	585,047
Capital projects	-	-	675,189	2,800	677,989
Commissary	-	-	-	80,976	80,976
Commissioner's Court	59,568	-	-	-	59,568
Constable	408,394	-	-	-	408,394
County Attorney	290,149	-	-	4,990	295,139
County Auditor	295,937	-	-	-	295,937
County Clerk	416,447	-	-	67,793	484,240
County Court	211,327	-	-	-	211,327
County Extension Service	109,696	-	-	-	109,696
County Treasurer	144,901	-	-	-	144,901
Courthouse security	-	-	-	205,860	205,860
Debt service - principal	-	-	-	73,000	73,000
Debt service - interest	-	-	-	83	83
Debt service - agent fees	-	-	-	400	400
District Attorney	301,947	-	-	27,538	329,485
District Clerk	254,930	-	-	-	254,930
Election Administration	220,223	-	-	297,509	517,732
Emergency Management	107,249	-	-	-	107,249
Emergency Medical & Health Services	200,000	-	-	-	200,000
General operations	3,549,311	-	103,885	55,291	3,708,487
Health services	10,000	-	-	-	10,000
Hotel/motel tax	-	-	-	255,900	255,900
Information Technology	153,254	-	-	-	153,254
Jail and detention	2,569,460	-	-	-	2,569,460
Justice of the Peace	608,130	-	-	-	608,130
Narcotics Unit	169,268	-	-	-	169,268
Public Works	394,091	-	-	-	394,091
Road and Bridge:					
Precinct No. 1	470,317	-	-	21,405	491,722
Precinct No. 2	864,061	-	-	83,383	947,444
Precinct No. 3	751,156	-	-	24,727	775,883
Precinct No. 4	562,458	-	-	-	562,458
Sheriff	2,225,026	-	-	10,737	2,235,763
Tax Assessor-Collector	600,071	-	-	-	600,071
Vending Expenditures	-	-	-	1,650	1,650
Veteran's Administration	40,169	-	-	-	40,169
<b>Total expenditures</b>	<b>16,572,587</b>	<b>-</b>	<b>779,074</b>	<b>1,214,042</b>	<b>18,565,703</b>
Excess of revenues over (under) expenditures	3,537,260	45,124	(765,339)	69,212	2,886,257

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Other sources and (uses):					
Proceeds from the issuance of debt	142,515	-	-	-	142,515
Proceeds from the sale of capital assets	100,322	-	-	-	100,322
Transfers in	-	-	1,500,000	106,403	1,606,403
Transfers out	(1,666,403)	-	-	-	(1,666,403)
Total other sources and (uses)	(1,423,566)	-	1,500,000	106,403	182,837
Net change in fund balances	2,113,694	45,124	734,661	175,615	3,069,094
Fund balances, beginning of year, as originally stated	15,645,603	3,617	734,741	2,788,805	19,172,766
Prior period adjustment	1,044	-	-	(1,044)	-
Fund balances, beginning of year, as restated	15,646,647	3,617	734,741	2,787,761	19,172,766
Fund balances, end of year	<u>\$ 17,760,341</u>	<u>\$ 48,741</u>	<u>\$ 1,469,402</u>	<u>\$ 2,963,376</u>	<u>\$ 22,241,860</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds (Exhibit A-5) \$ 3,069,094

Amounts reported for *governmental activities* in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:

Capital outlay during the year	\$ 1,690,459	
Depreciation expense for the year	<u>1,509,205</u>	181,254

Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources decreased by this amount. (5,668)

The issuance of long-term debt provides current financial resources to governmental funds. However, the issuance increases long-term liabilities in the Statement of Net Position. The County issued the following debt for the purchase of capital assets in the current year totaling:

Right-to-use lease liabilities		(142,515)
--------------------------------	--	-----------

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:

Certificates of obligation	45,000	
Note payable	28,000	
Right-to-use lease liabilities	<u>178,341</u>	251,341

Interest on long-term debt in the Statement of Activities differs from the amount reported in governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in accrued interest is as follows:

Accrued interest at September 30, 2021	(3,918)	
Accrued interest at September 30, 2022	<u>6,064</u>	(2,146)

Included in long-term liabilities are obligations for accrued vacation leave and the net other post-employment benefit obligation for retiree medical coverage. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was: (31,529)

The County participates in an agent multiple-employer defined benefit pension and OPEB plan. Contributions to the plans are expenditures at the fund level when payments are due. At the government-wide level, pension and OPEB expenses are recognized on an actuarial basis. The plan contributions exceeded the actuarial expense in the current year. 1,258,481

The County uses an internal service fund to operate a health reimbursement account (HRA) for the benefit of all eligible employees of the County. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is a decrease in net position. (31,879)

Change in net position of governmental activities (Exhibit A-2) \$ 4,546,433

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**SEPTEMBER 30, 2022**

	Health Reimbursement Arrangement
<b>Assets</b>	
Cash	\$ 88,250
Total assets	<u>88,250</u>
<b>Liabilities</b>	
Accounts payable	28,828
Total liabilities	<u>28,828</u>
<b>Net Position</b>	
Unrestricted	59,422
Total net position	<u>\$ 59,422</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Health Reimbursement Arrangement
<b>Operating revenues</b>	
Charges for services	\$ -
<b>Operating expenses:</b>	
Administrative fees	4,525
Reimbursements	88,559
Total operating expenses	<u>93,084</u>
<b>Loss from operations</b>	(93,084)
<b>Non-operating income:</b>	
Interest income	1,205
<b>Transfers in</b>	<u>60,000</u>
<b>Change in net position</b>	(31,879)
<b>Total net position - beginning</b>	91,301
<b>Total net position - ending</b>	<u>\$ 59,422</u>

The accompanying notes are an integral part of this statement.



**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Health Reimbursement Arrangement
<b>Cash flows from operating activities</b>	
Cash paid to employees for health reimbursements	\$ (68,340)
Cash paid to vendor for administrative services	(4,525)
Net cash used by operating activities	<u>(72,865)</u>
<b>Cash flows from investing activities</b>	
Transfers in from other funds	60,000
Interest earnings	1,205
Net cash provided by investing activities	<u>61,205</u>
<b>Net decrease in cash and cash equivalents</b>	(11,660)
<b>Cash and cash equivalents at beginning of the year</b>	99,910
<b>Cash and cash equivalents at end of the year</b>	<u>\$ 88,250</u>
Reconciliation of loss from operations to net cash used by operating activities:	
Operating loss	\$ (93,084)
Effect of change in current assets and liabilities:	
Change in accounts payable	20,219
Net cash used by operating activities	<u>\$ (72,865)</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
<b>Assets</b>	
Cash	\$ 1,759,593
Investments	1,206,951
Other receivables	20,345
Due from other funds	30,998
Deferred expenses	200
Total assets	<u>3,018,087</u>
<b>Liabilities</b>	
Due to other funds	<u>230,539</u>
Total liabilities	<u>230,539</u>
<b>Net Position</b>	
Restricted for other purposes	2,787,548
Total net position	<u>\$ 2,787,548</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2022**

	Custodial Funds
	<u>                    </u>
<b>Additions</b>	
District Attorney	\$ 267,391
Sheriff's Department	599,056
Tax Assessor/Collector	78,745,933
Justices of the Peace	442,338
County Treasurer	406,574
County Clerk	194,846
Juvenile Department	392
District Clerk	132,043
County Attorney	7,467
Public Works	79,218
Inmate Trust	225,315
Total additions	<u>81,100,573</u>
<b>Deductions</b>	
District Attorney	73,147
Sheriff's Department	595,556
Tax Assessor/Collector	78,591,486
Justices of the Peace	442,338
County Treasurer	419,591
County Clerk	186,831
Juvenile Department	381
District Clerk	132,043
County Attorney	6,967
Public Works	79,118
Inmate Trust	222,820
Deferred Compensation	101,439
Total deductions	<u>80,851,717</u>
<b>Change in net position</b>	248,856
<b>Net position - beginning</b>	2,538,692
<b>Net position - ending</b>	<u>\$ 2,787,548</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Palo Pinto, Texas (County) was created by the Act of Legislature on August 27, 1856, and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk, District Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years and serves at the will of the District Judge, whose court is located in Palo Pinto County. The 2020 census population for the County was 28,409 and the area covered is approximately 949 square miles. The unincorporated community of Palo Pinto is the County Seat. The County provides the following public services: Public Safety – Sheriff’s Department and Jail Detention, Tax Assessing and Collecting, Sanitation, Fire, Emergency Medical Services, Public Records, Criminal and Civil Prosecution, Road and Bridge Maintenance and General Operations.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The government’s significant accounting policies are described below:

*A. Reporting Entity*

In evaluating the County for financial reporting purposes, management has considered all potential component units. The evaluation was made by applying the criteria set forth in generally accepted accounting principles for inclusion of component units with a reporting entity. The major criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility over the unit. The most significant manifestation of this ability to exercise oversight responsibility includes, but is not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no potential component units included in the reporting entity as defined by GASB 14, “The Reporting Entity”, as amended by GASB 39 and 61.

There are no component units which satisfy requirements for blending or discrete presentation within the County’s financial statements. Accordingly, the basic financial statements present the County only.

*B. Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

C. *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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *American Rescue Plan Fund* is used to account for the federal American Rescue Plan COVID-19 relief grant funds.

The *Annex Capital Improvement Fund* is used to account for financial resources to be used for the acquisition and renovation of the Mineral Wells annex building.

The County reports the following nonmajor governmental funds reported as 'Other Governmental Funds':

The *Special Revenue Funds* account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

The *Capital Project Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following internal service fund:

The *Health Reimbursement Arrangement (HRA) Plan* was established under Internal Revenue Code Section 106 for reimbursing eligible County employees for the cost of certain eligible medical expenses incurred by them, their spouses and eligible dependents.

Additionally, the County reports the following fiduciary funds:

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

*Custodial Funds* are used to report cash and investments and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The assets are held in a trustee or agent capacity and are not available to support County programs; therefore, these funds are not included in the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of estimates by management that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

*D. Financial Statement Amounts*

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools.

Investments for the County are reported at fair value. The authorized investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, including those for the County, are shown net of an allowance for uncollectibles.

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

3. Uncollected Taxes Receivable

The office of the Tax Assessor-Collector is under contract to eighteen (18) different taxing entities. It is the responsibility of the Tax Assessor-Collector to collect the taxes for the various taxing districts and then to remit the tax, including any penalty and interest, less a 1% fee of current taxes and 7% of delinquent taxes, to the tax district, except for the Palo Pinto County Education District, in which the Tax Assessor-Collector receives all penalties collected. The amount recorded as investment in uncollected taxes represents the total taxes receivable for the eighteen districts and the Palo Pinto County Education District.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

4. Right-to-use Leases Receivable

In November 2014, the County leased tower space to a business. The lease is for 10 years and requires annual payments ranging from \$1,548 to \$1,850. At September 30, 2022, the County has recognized a receivable for the remaining lease payments of \$3,504 which has also been reflected as deferred inflows of resources. The receivable is discounted using an imputed interest rate of 3.0%. The balance of the deferred inflows will be recognized annually through November 2023, based upon the required annual payments.

In January 2021, the County leased thirty acres of land to a business. The lease is for 24 months and requires monthly payments of \$6,250. At September 30, 2022, the County has recognized a receivable for the remaining lease payments of \$18,658 which has also been reflected as deferred inflows of resources. The receivable is discounted using an imputed interest rate of 3.0%. The balance of the deferred inflows will be recognized monthly through December 2022, based upon the required monthly payments. In October 2022, the County signed a new lease agreement with the business for a five-year period from January 1, 2023 through December 31, 2027 with an option for the tenant to extend the lease for an additional three years under the same terms.

In October 2021, the County leased a facility to a business. The lease is part of an agreement with the Texas Department of Agriculture (TDA) through the Texas Capital Fund. Under the agreement, the County received funding from TDA for the acquisition of the facility for it to lease to the tenant. All lease payments received by the County are to be sent to TDA. The lease is for 138 months and requires monthly payments of \$2,333. At September 30, 2022, the County has recognized a receivable for the remaining lease payments of \$251,931 which has also been reflected as deferred inflows of resources. The receivable is discounted using an imputed interest rate of 3.0%. The balance of the deferred inflows will be recognized monthly through March 2033, based upon the required monthly payments. The lease also includes a purchase option that is exercisable at any time after the expiration of five years from the date the County's contract with TDA is closed out. The purchase price under such option shall be \$560,000 less the sum of the full amount of all fixed lease payments actually received by the County and any and all amounts actually paid by the tenant to the County under the agreement as a result of recoupment of Texas Capital Fund grant by TDA or the U.S. Department of Housing and Urban Development.

In April 2022, the County leased office space to a business. The lease is for 48 months and requires monthly payments of \$500. At September 30, 2022, the County has recognized a receivable for the remaining lease payments of \$19,912 which has also been reflected as deferred inflows of resources. The receivable is discounted using an imputed interest rate of 3.0%. The balance of the deferred inflows will be recognized monthly through March 2026, based upon the required monthly payments.

At September 30, 2022, the County has recognized a total receivable for the above remaining lease payments of \$294,005 which has also been reflected as deferred inflows of resources. The County received lease revenue of \$97,660 and interest income of \$10,118 for a total of \$107,778 of lease-related inflows of resources for the above leases during the year ended September 30, 2022.

5. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds 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.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The amounts reported by the County in this category related to the County's participation in the Texas County and District Retirement System (TCDRS).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. The amounts reported by the County in this category related to the County's participation in TCERS. Property taxes receivable are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received. The amounts related to right-to-use assets the County has leased to other entities and will receive future lease payments.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs on fixed assets are not capitalized. Interest is charged to the Debt Service Fund for assets acquired with tax notes. For assets purchased under lease agreements, interest is expensed in the fund responsible for making the lease payments.

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

Vehicles	3 - 15 years
Equipment	5 - 30 years
Buildings and Improvements	5 - 40 years
Infrastructure	15 - 30 years
Right-to-Use Equipment	5 - 20 years
Right-to-Use Buildings and Improvements	5 years



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

8. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$294,142 of accrued vacation and compensated absences at September 30, 2022 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum carry over of 520 hours, with the exception of a few grandfathered employees. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Issuance costs associated with long-term debt are reported as deferred charges and amortized over the term of the related debt.

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 and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** – represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

11. Transactions Between Funds

Outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Pensions

The fiduciary net position of the TCDRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting, the same basis as is reported by TCDRS in their Comprehensive Annual Financial Report. This includes for purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Post-Employment Benefits

The fiduciary net position of the TCDRS and the County's Retiree Health Care Plan have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TCDRS and the County's Retiree Health Care Plan fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go-plan and all cash is held in a cash account.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

15. New Accounting Standard Adopted

For fiscal year 2022, the County implemented GASB Statement No. 87, "Leases". GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Due to the implementation of GASB Statement No. 87, certain leases with an initial noncancelable period of more than one year that were reported as operating leases prior to the implementation of GASB Statement No. 87, will be reported as right-to-use leased assets, right-to-use leases receivable, right-to-use lease liabilities and deferred inflows of resources – leases receivable. This reclassification resulted in the restatement of the County's statement of net position and statement of activities.

**2. COMPLIANCE AND ACCOUNTABILITY**

*A. Finance-Related Legal and Contractual Provisions*

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions are reported below, along with actions taken to address such violations:

For the year ended September 30, 2022, the County had no violations of finance-related legal or contractual provisions.

*B. Deficit Fund Balance or Net Position of Individual Funds*

As of September 30, 2022, there were no funds with a deficit fund balance or net position.

**3. DEPOSITS AND INVESTMENTS**

*A. Deposits*

Deposits, except for those held in trust by the County Clerk, District Clerk, and others were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2022, the carrying amount of the County's deposits was \$27,247,115 and the balance per the bank was \$27,801,303. Included in the carrying amount and bank balance are money market savings (recorded as investments) totaling \$18,738,493.

The County Clerk, District Clerk, and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2022 were \$2,966,544 and the balance per the bank was \$2,966,544. All deposits and investments were secured by FDIC coverage.

*B. Investments*

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity and the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County's investments at September 30, 2022 are shown below:

<u>Investments</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Money market savings	N/A	<u>\$18,738,493</u>

The County categorizes its fair value measurements with 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County values its money market savings using Level 2 inputs based on statements from the depository financial institution.

*C. Analysis of Specific Deposit and Investment Risks*

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

1. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

2. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

3. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

5. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

**4. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service and Special Road & Bridge) for the year ended September 30, 2022, was \$0.325674 per \$100 valuation. The special road and bridge tax rate for the year ended September 30, 2022 was \$0.0653 per \$100 valuation. The long-term debt service tax rate for the year ended September 30, 2022 was \$0.001171 per \$100 valuation. The total combined tax rate was \$0.392145 per \$100 valuation for the year ended September 30, 2022.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2022, net property taxes receivable is calculated as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Gross property taxes receivable	\$765,646	\$1,751	\$767,397
Allowance for uncollectible taxes	( 444,836)	( 790)	( 445,626)
Net property taxes receivable	<u>\$320,810</u>	<u>\$ 961</u>	<u>\$321,771</u>

Of the \$321,771 of net property taxes receivable at September 30, 2022, the County expects to collect approximately \$200,000 within a year. This is similar to the amount of delinquent taxes received in previous years.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

**5. CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	Restated Balance <u>10/1/21</u>	Additions	Retirements	Transfers	Balance 9/30/22
Capital assets not being depreciated:					
Land	\$ 647,536	\$ 6,544	\$ -	\$ -	\$ 654,080
Construction in progress	<u>2,152,015</u>	<u>406,624</u>	<u>-</u>	<u>-</u>	<u>2,558,639</u>
Total capital assets not being depreciated	<u>2,799,551</u>	<u>413,168</u>	<u>-</u>	<u>-</u>	<u>3,212,719</u>
Capital assets being depreciated:					
Buildings and improvements	10,063,184	-	100,947	-	9,962,237
Equipment	6,049,446	749,616	112,741	-	6,686,321
Vehicles	3,372,999	255,095	42,987	-	3,585,107
Infrastructure	10,060,869	245,615	-	-	10,306,484
Right-to-use leased buildings and improvements	385,891	26,965	-	-	412,856
Right-to-use leased equipment	<u>34,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,585</u>
Total capital assets being depreciated	<u>29,966,974</u>	<u>1,277,291</u>	<u>256,675</u>	<u>-</u>	<u>30,987,590</u>
Less accumulated depreciation for:					
Buildings and improvements	6,534,631	242,284	100,947	-	6,675,968
Equipment	2,902,168	433,263	112,741	-	3,222,690
Vehicles	2,446,063	304,592	42,987	-	2,707,668
Infrastructure	4,621,239	498,810	-	-	5,120,049
Right-to-use leased buildings and improvements	804	23,339	-	-	24,143
Right-to-use leased equipment	<u>13,834</u>	<u>6,917</u>	<u>-</u>	<u>-</u>	<u>20,751</u>
Total accumulated depreciation	<u>16,518,739</u>	<u>1,509,205</u>	<u>256,675</u>	<u>-</u>	<u>17,771,269</u>
Total capital assets being depreciated, net	<u>13,448,235</u>	<u>( 231,914)</u>	<u>-</u>	<u>-</u>	<u>13,216,321</u>
Governmental activities capital assets, net	<u>\$16,247,786</u>	<u>\$ 181,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,429,040</u>

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

<b>Governmental Activities:</b>	
General Government	\$ 229,408
Administration of Justice	11,579
Public Safety	297,418
Corrections and Rehabilitation	137,592
Community and Economic Development	28,468
Infrastructure and Environmental Services	<u>804,740</u>
Total governmental depreciation	<u>\$1,509,205</u>

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

**6. INTERFUND BALANCES AND ACTIVITIES**

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 4,216	Short-term loan
Other Governmental Funds	Fiduciary Funds	20,031	Short-term loan
General Fund	Fiduciary Funds	179,510	Short-term loan
Fiduciary Funds	Fiduciary Funds	<u>30,998</u>	Short-term loan
	Total	<u>\$234,755</u>	

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

B. Transfers in and out during the year ended September 30, 2022 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 106,403	Supplement other funds
General Fund	Capital Improvement Fund	1,500,000	Supplement other funds
General Fund	Internal Service Fund	<u>60,000</u>	Supplement other funds
	Total	<u>\$1,666,403</u>	

**7. LONG-TERM OBLIGATIONS**

The County issued certificates of obligations, a note payable and lease liabilities to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

Changes in long-term liabilities for the year ended September 30, 2022 was as follows:

Governmental Activities:	<u>Restated Balance 10/01/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 09/30/22</u>	<u>Due Within One Year</u>
Certificates of obligation	\$ 410,000	\$ -	\$ 45,000	\$ 365,000	\$ 45,000
Note payable	322,000	-	28,000	294,000	28,000
Lease financing payables	403,193	115,550	159,904	358,839	167,328
Right-to-use lease liabilities	405,996	26,965	18,437	414,524	21,207
Compensated absences	<u>262,613</u>	<u>327,998</u>	<u>296,469</u>	<u>294,142</u>	<u>294,142</u>
Total long-term liabilities – governmental activities	<u>\$1,803,802</u>	<u>\$470,513</u>	<u>\$547,810</u>	<u>\$1,726,505</u>	<u>\$555,677</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

Total debt service requirements to maturity are as follows:

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 261,535	\$ 28,826	\$ 290,361
2024	267,137	22,605	289,742
2025	106,538	15,847	122,385
2026	88,728	10,583	99,311
2027	88,378	10,085	98,463
2028-32	360,610	43,504	404,114
2033-37	132,497	28,634	161,131
2038-41	<u>126,940</u>	<u>7,715</u>	<u>134,655</u>
Totals	<u>\$1,432,363</u>	<u>\$167,799</u>	<u>\$1,600,162</u>

Certificates of Obligation

The County issued Combination Tax and Surplus Certificates of Obligation, Series 2020 through the Texas Water Development Board in March 2020. The County borrowed \$500,000 with interest ranging from 0.0% to .130% to construct a new wastewater treatment plant. The certificates require a principal and interest payment of \$90,083 on February 15, 2021 and annual principal and interest payments of \$45,083 beginning February 15, 2022 with a final principal and interest payment of \$50,033 on February 15, 2030.

<u>Issuance</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/22</u>
Combination Tax and Surplus Certificates of Obligation, Series 2020	\$500,000	03/10/20	02/15/30	0.00%- 0.13%	<u>\$365,000</u>

Certificates of obligation service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 45,000	\$ 83	\$ 45,083
2024	45,000	83	45,083
2025	45,000	83	45,083
2026	45,000	83	45,083
2027	45,000	83	45,083
2028-30	<u>140,000</u>	<u>190</u>	<u>140,190</u>
Totals	<u>\$365,000</u>	<u>\$ 605</u>	<u>\$365,605</u>

Note Payable

The note payable to the Texas Department of Rural Community Affairs is part of the Texas Department of Agriculture's Community Development Block Grant (CDBG) known as the Texas Capital Fund. The County borrowed \$560,000 interest-free to purchase a facility which was leased to a business. The lease proceeds will be used to repay the loan. The monthly lease is for \$2,333 which began in June 2012 but was deferred from August 1, 2014 to July 31, 2015.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/22</u>
Purchase and lease facility as part of the CDBG Texas Capital Fund program	\$560,000	05/23/11	03/01/33	0.00%	<u>\$294,000</u>



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

Note payable service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 28,000	\$ -	\$ 28,000
2024	28,000	-	28,000
2025	28,000	-	28,000
2026	28,000	-	28,000
2027	28,000	-	28,000
2028-32	140,000	-	140,000
2033	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Totals	<u>\$294,000</u>	<u>\$ -</u>	<u>\$294,000</u>

Lease Financing Payables

The County has entered into lease financing payables as follows:

On April 11, 2019, the County leased a used 2015 John Deere 772G Motor Grader. The lease requires five annual payments of \$35,438 beginning April 19, 2020, with a bargain purchase payment of \$1 on April 24, 2024. The lease carries interest at a stated rate of 5.20%.

On July 1, 2019, the County leased a 4X2 Gradall Hydraulic Excavator. The lease requires five annual payments of \$65,044 beginning July 1, 2020. The lease carries interest at a stated rate of 3.64%.

On August 28, 2020, the County leased a 2020 Caterpillar Motor Grader. The lease requires five annual payments of \$23,405 beginning June 15, 2021. The lease carries interest at an imputed rate of 3.00%.

On April 13, 2022, the County leased a used 2014 Komatsu Motor Grader. The lease requires two annual payments of \$60,039 beginning February 25, 2023, with a bargain purchase payment of \$1 on February 25, 2024. The lease carries interest at a stated rate of 2.85%.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/22</u>
John Deere 772G Motor Grader (Midland States Bank)	\$152,575	4/24/19	4/24/24	5.20%	\$ 65,706
4X2 Gradall Hydraulic Excavator (Government Capital Corporation)	\$292,600	7/1/19	7/1/24	3.64%	123,314
2020 Caterpillar Motor Grader (First National Bank - Leasing)	\$ 89,332	8/28/20	6/15/25	3.00%	54,269
2014 Komatsu Motor Grader (First National Bank - Leasing)	\$115,550	4/13/22	2/25/24	2.85%	<u>115,550</u>
Total balance at September 30, 2022					<u>\$358,839</u>

Interest expense of \$25,354 was recorded in Road & Bridge Precincts No. 1 of \$7,624, No. 3 of \$1,094, and No. 4 of \$16,636 on the Statement of Activities for the year ended September 30, 2022.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

Lease financing payables service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$167,328	\$16,598	\$183,926
2024	172,911	11,017	183,928
2025	<u>18,600</u>	<u>4,805</u>	<u>23,405</u>
Totals	<u>\$358,839</u>	<u>\$32,420</u>	<u>\$391,259</u>

Right-to-use Lease Liabilities

The County has entered into the following right-to-use lease liabilities:

On September 23, 2019, the County leased a postage machine. The lease requires sixty monthly payments of \$440 beginning September 23, 2019. The lease carries interest at an imputed rate of 3.00%.

On September 23, 2019, the County leased a postage machine. The lease requires sixty monthly payments of \$182 beginning September 23, 2019. The lease carries interest at an imputed rate of 3.00%.

On September 15, 2021, the County leased tower space. The lease requires two hundred forty monthly payments ranging from \$1,658 to \$2,865 beginning September 15, 2021. The lease carries interest at an imputed rate of 3.00%.

On January 1, 2022, the County leased a building. The lease requires fifty-eight monthly payments of \$500 beginning March 1, 2022. The lease carries interest at an imputed rate of 3.00%.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/22</u>
Postage Machine (Pitney Bowes)	\$ 24,477	9/23/19	8/23/24	3.00%	\$ 9,816
Postage Machine (Pitney Bowes)	\$ 10,108	9/23/19	8/23/24	3.00%	4,052
Tower Space (Chestnut Tower)	\$385,891	9/15/21	8/15/41	3.00%	376,742
Building (John R McCracken)	\$ 26,965	3/1/22	12/1/26	3.00%	<u>23,914</u>
Total balance at September 30, 2022					<u>\$414,524</u>

Interest expense of \$12,940 was recorded in General Operations on the Statement of Activities for the year ended September 30, 2022.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 21,207	\$ 12,146	\$ 33,353
2024	21,226	11,505	32,731
2025	14,938	10,958	25,896
2026	15,728	10,500	26,228
2027	15,378	10,002	25,380
2028-32	80,610	43,314	123,924
2033-37	118,497	28,634	147,131
2038-41	<u>126,940</u>	<u>7,715</u>	<u>134,655</u>
Totals	<u>\$414,524</u>	<u>\$134,774</u>	<u>\$549,298</u>

**8. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

**9. CONTINGENT LIABILITIES AND COMMITMENTS**

Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses are recorded as expenditures in the period when litigation services are rendered and damages are accrued as expenditures when determined to be probable and when amounts can reasonably be estimated. No liabilities have been accrued in the financial statements relative to litigation at September 30, 2022.

Construction Commitments

The County has two construction projects in progress at September 30, 2022. One project is for the construction of a Mineral Wells Annex and the other is for the construction of a new wastewater treatment plant in Palo Pinto. At September 30, 2022, the County has contracts totaling \$2,778,501 related to these projects of which \$2,470,266 had been incurred leaving a commitment of \$308,235.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

**10. DEFINED BENEFIT PENSION PLAN**

*A. Plan Description*

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis that is publicly available at [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

*B. Benefits Provided*

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the County-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

*Employees Covered by Benefit Terms*

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

Inactive employees or beneficiaries currently receiving benefits	125
Inactive employees entitled to but not yet receiving benefits	129
Active employees	168

*C. Contributions*

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 12.48% for the months of the accounting year in 2021, and 12.48% for the months of the accounting year in 2022.

The contribution rate payable by the employee members for calendar year 2021 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

*D. Net Pension Liability*

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

*Actuarial Assumptions*

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2021. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

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

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2022 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting.

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

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation <sup>(1)</sup></u>	<u>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

<sup>(1)</sup> Target asset allocation adopted at the March 2022 TCDRS Board Meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected rate for the asset class minus the assumed inflation rate of 2.60%, per Cliffwater's 2022 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

*Discount Rate*

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments (7.60%).

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

*Changes in Net Pension Liability / (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2020	\$41,313,315	\$38,935,300	\$2,378,015
Changes for the year:			
Service cost	1,138,604	-	1,138,604
Interest on total pension liability	3,147,776	-	3,147,776
Effect of plan changes	174,539	-	174,539
Effect of economic/demographic gains or losses	( 372,086)	-	( 372,086)
Effect of assumptions changes or inputs	( 80,952)	-	( 80,952)
Refund of contributions	( 126,783)	( 126,783)	-
Benefit payments	( 1,979,433)	( 1,979,433)	-
Administrative expense	-	( 25,431)	25,431
Member contributions	-	556,422	( 556,422)
Net investment income	-	8,505,344	( 8,505,344)
Employer contributions	-	1,142,024	( 1,142,024)
Other changes	-	( 467)	467
Balances as of December 31, 2021	<u>\$43,214,980</u>	<u>\$47,006,976</u>	<u>(\$3,791,996)</u>

*Sensitivity Analysis*

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability (asset)	<u>\$1,679,029</u>	<u>(\$3,791,996)</u>	<u>(\$8,401,571)</u>

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

Pension Expense/(Income)

	<u>January 1, 2021 to December 31, 2021</u>
Service cost	\$1,138,604
Interest on total pension liability <sup>(1)</sup>	3,147,775
Effect of plan changes	174,539
Administrative expenses	25,431
Member contributions	( 556,422)
Expected investment return net of investment expenses	( 2,942,905)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	( 264,690)
Recognition of assumption changes or inputs	535,686
Recognition of investment gains or losses	( 1,523,218)
Other <sup>(2)</sup>	<u>467</u>
Pension income	<u>(\$ 264,732)</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources

As of September 30, 2021, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 527,924
Change in assumptions	1,125,339	53,968
Net difference between projected and actual earnings	-	5,335,455
Contributions made subsequent to measurement date	<u>814,603</u>	<u>-</u>
Total	<u>\$1,939,942</u>	<u>\$5,917,347</u>

\$814,603 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset for the plan year ending December 31, 2022. Other amounts of the County's deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2022	( \$925,451)
2023	(1,480,644)
2024	(1,273,427)
2025	(1,112,486)



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

**11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

Group Term Life Program

A. *Plan Description*

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

1. The County participates in the retiree Group Term Life (GTL) program for the TCDRS which is a statewide, multiple-employer, public employee retirement system.
2. A brief description of benefit terms:
  - a) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree GTL program are included in the OPEB plan.
  - b) The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
  - c) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
  - d) No future increases are assumed in the \$5,000 benefit amount.
  - e) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year.
3. Membership information is shown in the chart below.
4. Contributions made to the retiree GTL program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
5. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$5,000.

B. *Membership Information*

<u>Members</u>	<u>12/31/20</u>	<u>12/31/21</u>
Number of inactive employees entitled to but not yet receiving benefits <sup>(1)</sup>	35	38
Number of active employees	160	168
Average age of active employees	47.87	48.68
Average length of service in years for active employees	11.03	10.93
<u>Inactive Employees Receiving Benefits <sup>(1)</sup></u>		
Number of benefit recipients <sup>(1)</sup>	105	101

<sup>(1)</sup> "Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

C. *Actuarial Methods and Assumptions Used for GASB Calculations*

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method:	
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Do not affect benefits but are used in the allocation of costs under the actuarial cost method. Merit salary increases range from 0.40% to 5.25% for all members depending on years of service and entry age.
Investment Rate of Return (Discount Rate)	2.06% (20-year Bond GO Index published by bondbuyer.com as of 12/30/21)
Cost-of-Living Adjustment	Does not apply
Disability	The rates of disability range from .000% to .001% for work-related disability and .000% to .198% for all other causes depending on age.
Mortality:	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Members eligible for service retirement from age 40 to 74 range from 5.3% to 25.3% for both male and females depending on age and length of service. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Other Termination of Employment	Annual rates for termination range from 0.0% to 33.0% for both males and females depending on entry age and years of service.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

*D. Changes in Total OPEB Liability*

	<u>Changes in Total OPEB Liability</u>
Balances as of December 31, 2020	\$585,447
Changes for the year:	
Service cost	18,182
Interest on total OPEB liability <sup>(1)</sup>	12,663
Changes of benefit terms <sup>(2)</sup>	-
Effect of economic/demographic (gains) or losses	( 19,879)
Effect of assumptions changes or inputs <sup>(3)</sup>	10,445
Benefit payments	( 12,718)
Other	<u>-</u>
Balance as of December 31, 2021	<u>\$594,140</u>

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Reflects change in discount rate

*Sensitivity Analysis*

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.06%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.06%) or 1 percentage point higher (3.06%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease <u>1.06%</u>	Current Discount Rate <u>2.06%</u>	1% Increase <u>3.06%</u>
Total OPEB liability	<u>\$722,650</u>	<u>\$594,140</u>	<u>\$495,054</u>

*E. OPEB Expense*

	<u>January 1, 2021 to December 31, 2021</u>
Service cost	\$18,182
Interest on total pension liability <sup>(1)</sup>	12,663
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	( 8,022)
Recognition of assumption changes or inputs	29,549
Other	<u>-</u>
OPEB expense	<u>\$52,372</u>

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

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

*F. Deferred Outflows / Inflows of Resources*

As of September 30, 2022, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,059	\$29,157
Changes of assumptions	91,274	9,163
Contributions made subsequent to measurement date	<u>22,843</u>	<u>-</u>
Total	<u>\$116,176</u>	<u>\$38,320</u>

\$22,843 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the plan year ending December 31, 2022. The remaining amounts of the County's deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2022	\$21,527
2023	\$27,259
2024	\$ 8,113
2025	(\$ 1,886)

Retiree Health Care Plan

The County administers the Palo Pinto County Retiree Health Care Plan for retired employees.

*A. Plan Description*

*Pre-65 Plan* – Any employee who meets the retirement eligibility requirements of the TCDRS, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical until the retiree reaches age 65 or qualifies for Medicare. The County pays 100% of the total monthly premium prescribed in the current health plan for retired participants who continue coverage. The retired employee may continue coverage for dependents, if he or she pays the entire premium for the dependent. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

*Post-65 Plan* – Retirees may purchase a Medicare supplement policy without prescription drug coverage for a reduced premium. Retirees have the option to purchase prescription drug coverage to which the County does not contribute. Spouses may receive the same plan at retiree's expense. Premiums and benefits are subject to change each year. Percent of premium paid by County is subject to change with the intent of leaving the dollar amount of benefit the same. The benefit is subject to annual appropriations by the Commissioners' Court.

*B. Demographic Information*

<u>Status</u>	<u>9/30/21</u>	<u>9/30/22</u>
Active – Employee Only	84	100
Active – Employee and Dependent	46	45
Retired – Employee Only	19	21
Retired – Employee and Dependent	2	2

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

*C. Actuarial Methods and Assumptions Used for GASB Calculations*

GASB accounting methodology were used to determine the post-retirement medical benefit obligations.

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from \$7,460 at age 50 to \$11,284 at age 64 and the Medicare supplement annual premium of \$3,176.49 is used for the per capita claims cost for age 65 and older.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2021
Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full additional dependent contribution rate to age 65 and 65% of the Medicare supplement premium.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all who currently have healthcare coverage will continue with the same coverage until eligibility for Medicare. 100% of all actives who currently have healthcare coverage will continue with coverage upon retirement. For those with family coverage 25% will elect to continue with coverage including the spouse and the remainder will elect individual coverage. Spouse coverage is to age 65.
Valuation Date	September 30, 2022
Measurement Date	September 30, 2022

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

*D. Changes in Total OPEB Liability*

	<u>Changes in Total OPEB Liability</u>
Balances as of September 30, 2021	\$4,905,439
Changes for the year:	
Service cost	339,207
Interest cost	115,887
Changes of benefit terms	-
Differences between expected and actual experience	( 147,800)
Changes in assumptions	( 1,421,882)
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	( 188,261)
Administrative expense	-
	<u>                    </u>
Balance as of September 30, 2022	<u>\$3,602,590</u>

*Sensitivity Analysis of the Discount and Trend Rate*

Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.77%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.77%) or 1 percentage point higher (5.77%) than the current rate.

	1% Decrease <u>3.77%</u>	Current Discount Rate <u>4.77%</u>	1% Increase <u>5.77%</u>
Total OPEB liability	<u>\$4,063,556</u>	<u>\$3,602,590</u>	<u>\$3,222,133</u>

Trend Rate

The following presents the total OPEB liability of the County, calculated using the healthcare cost trend rate of 4.50%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.50%) or 1 percentage point higher (5.50%) than the current rate.

	1% Decrease <u>3.5%</u>	Current Trend Rate <u>4.50%</u>	1% Increase <u>5.50%</u>
Total OPEB liability	<u>\$3,153,507</u>	<u>\$3,602,590</u>	<u>\$4,164,198</u>

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

*E. OPEB Expense*

	<u>October 1, 2021 to September 30, 2022</u>
Service cost at October 1, 2021	\$339,207
Interest cost (including interest on Service Cost)	115,887
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	( 47,397)
Changes in assumptions or other inputs	( 146,052)
Other changes, if significant	-
Difference of projected investment earnings	<u>-</u>
Total OPEB expense as of September 30, 2022	<u>\$261,645</u>

*F. Deferred Outflows / Inflows of Resources*

As of September 30, 2022, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 250,510
Changes of assumptions/inputs	223,646	1,226,569
Net difference between projected and actual investments	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$223,646</u>	<u>\$1,477,079</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2023	(\$193,449)
2024	( 193,449)
2025	( 193,449)
2026	( 193,449)
2027	( 203,645)
Thereafter	( 275,992)

The combined total OPEB liability, OPEB related deferred outflows of resources and OPEB related deferred inflows of resources of the Group Term Life Program and the Retiree Health Care Plan is as follows:

Total OPEB Liability	\$4,196,730
Deferred Outflows of Resources	339,822
Deferred Inflows of Resources	1,515,399

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

**12. DEFERRED COMPENSATION PLAN**

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code 457. The plans, available to all County employees on a voluntary basis, permit them to defer a portion of their salaries until future years. The County does not make any contributions to the plans.

Deferred compensation is available to employees' beneficiaries in case of death. One plan is through the National Association of Counties and its assets are administered by Nationwide Retirement Solutions, an independent third-party administrator. The second plan's assets are managed by ITT Hartford, an independent administrator. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributed to those amounts, property or rights are solely the property and rights of the participants.

**13. JUDICIAL ASSESSMENT RECEIVABLES**

At September 30, 2022, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

**14. NET POSITION/FUND BALANCES**

The Governmental Activities' net position consisted of the following at September 30, 2022:

Net investment in capital assets	<u>\$14,996,677</u>
Restricted:	
General Government	1,306,192
Administration of Justice	319,971
Public Safety	165,363
Corrections and Rehabilitation	87,780
Community and Economic Development	187,135
Infrastructure and Environmental Services	<u>430,769</u>
Total restricted	<u>2,497,210</u>
Unrestricted	<u>14,267,921</u>
Total net position	<u>\$31,761,808</u>

The Governmental Funds' fund balances consisted of the following at September 30, 2022:



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Prepays	\$ 301,617	\$ -	\$ -	\$ -	\$ 301,617
Inventories	83,180	-	-	-	83,180
Total nonspendable	<u>384,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,797</u>
<b>Restricted:</b>					
General Government	-	-	-	1,305,231	1,305,231
Administration of Justice	-	-	-	319,971	319,971
Public Safety	18,272	48,741	-	98,350	165,363
Corrections and Rehabilitation	-	-	-	87,780	87,780
Community and Economic Development	-	-	-	187,135	187,135
Infrastructure and Environmental Services	-	-	-	430,769	430,769
Total restricted	<u>18,272</u>	<u>48,741</u>	<u>-</u>	<u>2,429,236</u>	<u>2,496,249</u>
<b>Committed:</b>					
General Government	7,145	-	-	-	7,145
Health and Human Services	-	-	-	5,836	5,836
Infrastructure and Environmental Services	-	-	1,469,402	528,304	1,997,706
Total committed	<u>7,145</u>	<u>-</u>	<u>1,469,402</u>	<u>534,140</u>	<u>2,010,687</u>
<b>Assigned:</b>					
2022-23 budget deficit	1,840,221	-	-	-	1,840,221
Total assigned	<u>1,840,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,840,221</u>
Unassigned	<u>15,509,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,509,906</u>
Total fund balances	<u>\$ 17,760,341</u>	<u>\$ 48,741</u>	<u>\$ 1,469,402</u>	<u>\$ 2,963,376</u>	<u>\$ 22,241,860</u>

**15. COVID-19**

Beginning in December 2019, a novel coronavirus, now designated SAR-CoV2 which causes the disease COVID-19 was declared a global pandemic by the World Health Organization. The symptoms of COVID-19 can range from severe illness and can cause complications including death. On March 13, 2020, the Governor of the State of Texas issued a proclamation certifying that COVID-19 poses an imminent threat of disaster in Texas and declared a state of disaster for all counties in Texas. A state of disaster requires that certain emergency protective measures be taken pursuant to the Texas Disaster Act of 1975 relating to Emergency Management and Public Health, pursuant to Chapter 418 of the Texas Government Code.

State and local governments placed restrictions on the operations of businesses and public gatherings to promote health and slow the spread of the virus. The federal government passed several appropriations to address the negative economic impact caused by these restrictions. The County received \$2,834,811 in federal COVID-19 relief grant awards during the year ended September 30, 2022. None of this amount was expended during the year ended September 30, 2022. The current year federal COVID-19 relief grant awards plus the prior year federal COVID-19 relief grant awards not yet expended totaled \$5,669,621 at September

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2022**

30, 2022. However, the impact of the COVID-19 pandemic on the national, state, and local economies and, ultimately, the Center's finances is not known at this time.

**16. PRIOR PERIOD ADJUSTMENT**

*Implementation of GASB 87*

During fiscal year 2022, the County adopted GASB Statement No. 87, Leases. Prior to the implementation of GASB 87, certain County leases with an initial noncancelable period of more than one year were reported as operating leases. After the implementation of GASB 87, these leases were reported as right-to-use leases receivable, right-to-use leased assets, right-to-use lease liabilities and deferred inflows of resources related to leases receivable. The effect of the change in reporting of these operating leases was an increase to right-to-use leases receivable by \$369,075, an increase to right-to-use leased assets, net by \$474,973, an increase to right-to-use leased assets payable by \$477,361 and an increase to deferred inflows of resources related to leases receivable by \$369,075 in the statement of net position and a decrease to beginning net position by \$2,388 in the statement of activities.

*Correct Reporting of Prior Year HAVA Project Expenditures*

During fiscal year 2022, the County determined that prior year HAVA project expenditures were incorrectly recorded in the General Fund instead of the other governmental funds. The effect of correcting this error was an increase to the beginning fund balance of the General Fund and a decrease to the beginning fund balance of the other governmental funds by \$1,044 in the statement of revenues, expenditures, and changes in fund balances – governmental funds.

## *REQUIRED SUPPLEMENTARY INFORMATION*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 13,819,745	\$ 13,819,745	\$ 13,954,741	\$ 134,996
Sales taxes	1,700,000	1,700,000	2,344,725	644,725
Mixed beverage tax	47,000	47,000	82,448	35,448
Licenses, fees and fines	2,651,605	2,655,280	2,889,606	234,326
Federal and state grants	258,270	270,889	247,010	(23,879)
Inmate revenue	77,000	77,000	91,124	14,124
Interest earned	153,000	153,000	162,567	9,567
Other revenue	141,100	291,041	337,626	46,585
Total revenues	<u>18,847,720</u>	<u>19,013,955</u>	<u>20,109,847</u>	<u>1,095,892</u>
<b>Expenditures</b>				
29th District Court	583,361	633,361	585,047	48,314
Commissioners' Court	60,576	60,576	59,568	1,008
Constable	416,405	429,591	408,394	21,197
County Attorney	298,354	298,354	290,149	8,205
County Auditor	297,968	297,968	295,937	2,031
County Clerk	422,556	422,556	416,447	6,109
County Court	223,541	223,541	211,327	12,214
County Extension Service	115,492	115,492	109,696	5,796
County Treasurer	148,156	148,156	144,901	3,255
District Attorney	361,772	364,416	301,947	62,469
District Clerk	259,269	257,985	254,930	3,055
Election Administration	221,250	224,900	220,223	4,677
Emergency Management	138,638	138,638	107,249	31,389
Emergency Medical & Health Services	200,000	200,000	200,000	-
General Operations	3,831,680	3,836,670	3,549,311	287,359
Health Services	10,000	10,000	10,000	-
Information Technology	207,406	162,606	153,254	9,352
Jail and Detention	2,739,918	2,804,948	2,569,460	235,488
Justice of the Peace	625,363	625,363	608,130	17,233
Narcotics Unit	176,988	177,588	169,268	8,320
Public Works	527,617	527,617	394,091	133,526
Road and Bridge:				
Precinct No. 1	608,087	617,255	470,317	146,938
Precinct No. 2	1,035,028	1,076,069	864,061	212,008
Precinct No. 3	754,110	918,963	751,156	167,807
Precinct No. 4	777,806	777,806	562,458	215,348
Sheriff	2,292,998	2,363,632	2,225,026	138,606
Tax Assessor-Collector	646,238	647,798	600,071	47,727
Veterans' Administration	46,377	46,377	40,169	6,208
Total expenditures	<u>18,026,954</u>	<u>18,408,226</u>	<u>16,572,587</u>	<u>1,835,639</u>
Excess of revenues over expenditures before other sources and (uses)	<u>820,766</u>	<u>605,729</u>	<u>3,537,260</u>	<u>2,931,531</u>

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Other sources and (uses):				
Proceeds from the issuance of right-to-use lease liabilities	-	115,550	142,515	26,965
Proceeds from the sale of capital assets	5,000	104,562	100,322	(4,240)
Transfers out	(1,734,467)	(1,734,467)	(1,666,403)	68,064
Total other sources and (uses)	(1,729,467)	(1,514,355)	(1,423,566)	90,789
Net change in fund balances	(908,701)	(908,626)	2,113,694	3,022,320
Fund balances, beginning of year, as originally stated	15,645,603	15,645,603	15,645,603	-
Prior period adjustment	1,044	1,044	1,044	-
Fund balances, beginning of year, as restated	15,646,647	15,646,647	15,646,647	-
Fund balances, end of year	\$ 14,737,946	\$ 14,738,021	\$ 17,760,341	\$ 3,022,320

## PALO PINTO COUNTY, TEXAS

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

	2021	2020	2019	2018	2017	2016	2015	2014	2012	2011
<b>Total Pension Liability</b>										
Service cost	\$ 1,138,604	\$ 1,078,785	\$ 1,100,438	\$ 1,073,724	\$ 995,107	\$ 1,207,726	\$ 1,046,808	\$ 1,018,218	N/A	N/A
Interest on total pension liability	3,147,776	3,029,788	3,112,978	2,928,202	2,546,892	2,503,133	2,523,339	2,357,748	N/A	N/A
Effect of plan changes	174,539	-	(3,082,847)	(150,442)	2,847,868	(3,403,227)	(192,524)	-	N/A	N/A
Effect of assumption changes or inputs	(80,952)	2,250,679	-	-	168,325	-	415,741	-	N/A	N/A
Effect of economic/demographic (gains) or losses	(372,086)	(413,081)	(293,307)	143,741	(272,062)	(336,008)	(989,135)	(109,415)	N/A	N/A
Benefit payments/refunds of contributions	(2,106,216)	(1,881,092)	(1,805,679)	(1,678,293)	(1,636,946)	(1,373,929)	(1,336,135)	(1,354,829)	N/A	N/A
Net change in total pension liability	1,901,665	4,065,079	(968,417)	2,316,932	4,649,184	(1,402,305)	1,468,094	1,911,722	N/A	N/A
Total pension liability, beginning	41,313,315	37,248,236	38,216,653	35,899,721	31,250,537	32,652,842	31,184,748	29,273,026	N/A	N/A
Total pension liability, ending (a)	\$ 43,214,980	\$ 41,313,315	\$ 37,248,236	\$ 38,216,653	\$ 35,899,721	\$ 31,250,537	\$ 32,652,842	\$ 31,184,748	N/A	N/A
<b>Fiduciary Net Position</b>										
Employer contributions	\$ 1,142,024	\$ 1,055,052	\$ 956,238	\$ 973,986	\$ 856,180	\$ 868,018	\$ 887,413	\$ 836,369	N/A	N/A
Member contributions	556,422	558,119	560,604	543,693	536,931	512,318	517,657	483,850	N/A	N/A
Investment income net of investment expenses	8,505,344	3,673,327	5,061,849	(590,482)	4,055,653	1,923,170	(48,568)	1,684,170	N/A	N/A
Benefit payments/refunds of contributions	(2,106,216)	(1,881,092)	(1,805,678)	(1,678,293)	(1,636,946)	(1,373,929)	(1,336,135)	(1,354,829)	N/A	N/A
Administrative expenses	(25,431)	(28,490)	(27,100)	(24,756)	(21,015)	(20,966)	(18,878)	(19,747)	N/A	N/A
Other	(467)	(4,404)	(4,935)	(1,611)	(3,489)	(180,009)	(322,305)	(93,265)	N/A	N/A
Net change in fiduciary net position	8,071,676	3,372,512	4,740,978	(777,463)	3,787,314	1,728,602	(320,816)	1,536,548	N/A	N/A
Fiduciary net position, beginning	38,935,300	35,562,788	30,821,810	31,599,273	27,811,959	26,083,357	26,404,173	24,867,625	N/A	N/A
Fiduciary net position, ending (b)	\$ 47,006,976	\$ 38,935,300	\$ 35,562,788	\$ 30,821,810	\$ 31,599,273	\$ 27,811,959	\$ 26,083,357	\$ 26,404,173	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	\$ (3,791,996)	\$ 2,378,015	\$ 1,685,448	\$ 7,394,843	\$ 4,300,448	\$ 3,438,578	\$ 6,569,485	\$ 4,780,575	N/A	N/A
Fiduciary net position as a % of total pension liability	108.77%	94.24%	95.48%	80.65%	88.02%	89.00%	79.88%	84.67%	N/A	N/A
Covered payroll	\$ 7,948,879	\$ 7,973,135	\$ 8,008,635	\$ 7,767,043	\$ 7,497,204	\$ 7,318,831	\$ 7,395,103	\$ 6,912,147	N/A	N/A
Net pension liability as a % of covered payroll	-47.70%	29.83%	21.05%	95.21%	57.36%	46.98%	88.84%	69.16%	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

**PALO PINTO COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution (1)</u>	<u>Actual Employer Contribution (1)</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (2)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2012	\$ 692,767	\$ 692,767	\$ -	\$ 6,338,220	10.9%
2013	769,860	769,860	-	6,694,417	11.5%
2014	836,369	836,369	-	6,912,147	12.1%
2015	887,413	887,413	-	7,395,103	12.0%
2016	868,018	868,018	-	7,318,831	11.9%
2017	856,180	856,180	-	7,497,204	11.4%
2018	973,986	973,986	-	7,767,043	12.5%
2019	956,238	956,238	-	8,008,635	11.9%
2020	995,047	1,055,052	(60,005)	7,973,135	13.2%
2021	951,481	1,142,024	(190,543)	7,948,879	14.4%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

(2) Payroll is calculated based on contributions as reported to TCDRS.

## PALO PINTO COUNTY, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

	2021	2020	2019	2018	2017	2015	2014	2013	2012	2011
<b>Total OPEB Liability</b>										
Service cost	\$ 18,182	\$ 17,155	\$ 11,940	\$ 13,994	\$ 12,537	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	12,663	14,451	16,815	14,803	15,226	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	10,445	63,093	105,318	(45,807)	17,627	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(19,879)	(13,085)	(9,594)	10,291	(9,405)	N/A	N/A	N/A	N/A	N/A
Benefit payments	(12,718)	(12,757)	(12,013)	(10,874)	(8,997)	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	8,693	68,857	112,466	(17,593)	26,988	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	585,447	516,590	404,124	421,717	394,729	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	\$ 594,140	\$ 585,447	\$ 516,590	\$ 404,124	\$ 421,717	N/A	N/A	N/A	N/A	N/A
Pensionable Covered payroll	\$ 7,948,879	\$ 7,973,135	\$ 8,008,635	\$ 7,767,043	\$ 7,497,204	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	7.47%	7.34%	6.45%	5.20%	5.62%	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.



**PALO PINTO COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER OTHER POST EMPLOYMENT BENEFIT (OPEB) CONTRIBUTIONS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 31,094	\$ 31,094	\$ 32,035
Contributions in relation to the contractually required contribution	<u>(31,094)</u>	<u>(31,094)</u>	<u>(32,035)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pensionable Covered payroll	<u>\$ 7,948,879</u>	<u>\$ 7,973,135</u>	<u>\$ 8,008,635</u>
Contributions as a percentage of pensionable covered payroll	<u>0.39%</u>	<u>0.39%</u>	<u>0.40%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Note - the contractually required contribution is for the County's indicated fiscal year.

<u>2018</u>	<u>2017</u>
\$ 27,958	\$ 25,491
<u>(27,958)</u>	<u>(25,491)</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 7,767,043</u>	<u>\$ 7,497,204</u>
<u>0.36%</u>	<u>0.34%</u>

## PALO PINTO COUNTY, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**PALO PINTO COUNTY RETIREE HEALTH CARE PLAN**

	2022	2021	2020	2019	2018	2016	2015	2014	2013	2012
<b>Total OPEB Liability</b>										
Service cost	\$ 339,207	\$ 339,207	\$ 257,481	\$ 257,481	\$ 247,435	N/A	N/A	N/A	N/A	N/A
Interest cost	115,887	109,931	177,915	157,617	157,892	N/A	N/A	N/A	N/A	N/A
Change of benefit terms	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	(147,800)	-	(204,297)	-	-	N/A	N/A	N/A	N/A	N/A
Changes in assumptions	(1,421,882)	-	371,429	-	-	N/A	N/A	N/A	N/A	N/A
Other changes	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Contributions-employer	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net investment income	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Benefit payments	(188,261)	(180,590)	(180,590)	(164,666)	(164,666)	N/A	N/A	N/A	N/A	N/A
Administrative expense	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(1,302,849)	268,548	421,938	250,432	240,661	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	4,905,439	4,636,891	4,214,953	3,964,521	3,723,860	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	<u>\$ 3,602,590</u>	<u>\$ 4,905,439</u>	<u>\$ 4,636,891</u>	<u>\$ 4,214,953</u>	<u>\$ 3,964,521</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	<u>\$ 7,652,911</u>	<u>\$ 7,052,997</u>	<u>\$ 7,052,997</u>	<u>\$ 6,627,588</u>	<u>\$ 6,627,588</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability as a % of covered payroll	<u>47.07%</u>	<u>69.55%</u>	<u>65.74%</u>	<u>63.60%</u>	<u>59.82%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2022**

**BUDGET**

Annual budgets are adopted on the GAAP basis of accounting for all governmental funds except capital project funds. All annual appropriations lapse at fiscal year-end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

**DEFINED BENEFIT PENSION PLAN**

Texas County and District Retirement System

*Changes in benefit terms or assumptions*

The changes of the benefit terms or assumptions that affected measurement of the total pension plan liability during the measurement period were as follows:

Real Rate of Return decreased from 5.05% per year to 5.00% per year

The mortality rates for depositing members were based on the Pub-2010 General Employee Amount-Weighted Table at 135% for males and 120% for females both projected with 100% of the MP-2021 Ultimate Scale after 2010 instead of the RP-2014 Active Employee Mortality Table at 90% for males and 90% for females projected with 110% of the MP-2014 Ultimate scale after 2014.

The mortality rates for service retirees, beneficiaries, and non-depositing members were based on the Pub-2010 General Retirees Amount-Weighted Table at 135% for males and 120% for females both projected with 100% of the MP-2021 Ultimate scale after 2010 instead of the RP-2014 Healthy Annuitant Mortality Table at 130% for males and 110% for females both projected with 110% of the MP-2014 after 2014.

The mortality rates for disabled retirees were based on the Pub-2010 General Disabled Retirees Amount-Weighted Table at 160% for males and 125% for females both projected with 100% of the MP-2021 Ultimate scale after 2010 instead of the RP-2014 Disabled Annuitant Mortality Table at 130% for males and 115% for females both projected with 110% of the MP-2014 after 2014.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2022**

**DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN**

Texas County and District Retirement System

*Changes in benefit terms or assumptions*

The changes of the benefit terms or assumptions that affected measurement of the Texas County and District Retirement System total OPEB plan liability during the measurement period were as follows:

- Actuarial Cost Method changed from Normal Entry Age to Level Percent of Salary
- Salary Increases changed from does not apply to merit salary increases ranging from 0.40% to 5.25% for all members depending on years of service and entry age
- Investment Real Rate of Return decreased from 2.12% per year to 2.06% per year
- The rates of disability range changed to .000% to .001% for work related disability and .000% to .198% for all other causes depending on age from .000% to .018% for work related disability and .000% to .27% for all other causes depending on age.
- The mortality rates for depositing members were based on the Pub-2010 General Employee Amount-Weighted Table at 135% for males and 120% for females both projected with 100% of the MP-2021 Ultimate Scale after 2010 instead of the RP-2014 Active Employee Mortality Table at 90% for males and 90% for females projected with 110% of the MP-2014 Ultimate scale after 2014.
- The mortality rates for service retirees, beneficiaries, and non-depositing members were based on the Pub-2010 General Retirees Amount-Weighted Table at 135% for males and 120% for females both projected with 100% of the MP-2021 Ultimate scale after 2010 instead of the RP-2014 Healthy Annuitant Mortality Table at 130% for males and 110% for females both projected with 110% of the MP-2014 after 2014.
- The mortality rates for disabled retirees were based on the Pub-2010 General Disabled Retirees Amount-Weighted Table at 160% for males and 125% for females both projected with 100% of the MP-2021 Ultimate scale after 2010 instead of the RP-2014 Disabled Annuitant Mortality Table at 130% for males and 115% for females both projected with 110% of the MP-2014 after 2014.
- Members eligible for service retirement from age 40 to 74 range from 5.3% to 25.3% for both males and females depending on age and length of service and all eligible members ages 75 and later, retirement is assumed to occur immediately in the current year compared to members eligible for service retirement range from 4.5% to 22% for both male and females depending on age in the prior year.
- Annual rates for termination range from 0.0% to 33.0% for both males and females depending on entry age and years of service in the current year compared to annual rates for termination range from 0.0% to 36.2% for females depending on entry age and years of service in the prior year.

Palo Pinto County Retiree Health Care Plan

*Changes in benefit terms or assumptions*

The changes of the benefit terms or assumptions that affected measurement of the Palo Pinto County Retiree Health Care Plan total OPEB plan liability during the measurement period were as follows:

- The discount rate increased from 2.25% to 4.77%
- The medical claim cost ranges from \$7,460 at age 50 to \$11,284 at age 64 and the Medicare supplement annual premium of \$3,176.49 is used for the per capita claims cost for age 65 and older In the current year compared to the medical claim cost ranges from \$6,613 at age 50 to \$10,003 at age 64 and the Medicare supplement annual premium of \$3,151 is used for the per capita claims for age 65 and older.

*COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS  
AS SUPPLEMENTARY INFORMATION*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**PALO PINTO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - GENERAL FUND**  
**SEPTEMBER 30, 2022**

	10 General Fund	11/12/13/14 Road and Bridge Fund	Total
<b>ASSETS</b>			
Cash	\$ 46,201	\$ 91,884	\$ 138,085
Investments	13,347,696	3,545,818	16,893,514
Receivables, net:			
Property taxes	270,107	50,703	320,810
Sales tax	453,845	-	453,845
Accounts	200,049	36,120	236,169
Due from other funds	148,621	35,105	183,726
Prepaid expenses	300,616	1,001	301,617
Inventory	1,898	81,282	83,180
Total assets	<u>\$ 14,769,033</u>	<u>\$ 3,841,913</u>	<u>\$ 18,610,946</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 150,320	\$ 95,458	\$ 245,778
Accrued liabilities	117,704	20,288	137,992
Due to other funds	4,216	-	4,216
Due to others	141,809	-	141,809
Total liabilities	<u>414,049</u>	<u>115,746</u>	<u>529,795</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>270,107</u>	<u>50,703</u>	<u>320,810</u>
Fund balances:			
Nonspendable	302,514	82,283	384,797
Restricted	18,272	-	18,272
Committed	7,145	-	7,145
Assigned	1,507,685	332,536	1,840,221
Unassigned	12,249,261	3,260,645	15,509,906
Total fund balances	<u>14,084,877</u>	<u>3,675,464</u>	<u>17,760,341</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,769,033</u>	<u>\$ 3,841,913</u>	<u>\$ 18,610,946</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	10 General Fund	11/12/13/14 Road and Bridge Fund	Total
<b>Revenues</b>			
Property taxes	\$ 11,617,006	\$ 2,337,735	\$ 13,954,741
Sales taxes	2,344,725	-	2,344,725
Mixed beverage tax	82,448	-	82,448
Licenses, fees and fines	2,204,615	684,991	2,889,606
Federal and state grants	247,010	-	247,010
Inmate revenue	91,124	-	91,124
Interest earned	126,502	36,065	162,567
Other revenue	334,926	2,700	337,626
Total revenues	<u>17,048,356</u>	<u>3,061,491</u>	<u>20,109,847</u>
<b>Expenditures</b>			
29th District Court	585,047	-	585,047
Commissioners' Court	59,568	-	59,568
Constable	408,394	-	408,394
County Attorney	290,149	-	290,149
County Auditor	295,937	-	295,937
County Clerk	416,447	-	416,447
County Court	211,327	-	211,327
County Extension Service	109,696	-	109,696
County Treasurer	144,901	-	144,901
District Attorney	301,947	-	301,947
District Clerk	254,930	-	254,930
Election Administration	220,223	-	220,223
Emergency Management	107,249	-	107,249
Emergency Medical & Health Services	200,000	-	200,000
General operations	3,549,311	-	3,549,311
Health services	10,000	-	10,000
Information Technology	153,254	-	153,254
Jail and detention	2,569,460	-	2,569,460
Justice of the Peace	608,130	-	608,130
Narcotics Unit	169,268	-	169,268
Public Works	394,091	-	394,091
Road and Bridge:			
Precinct No. 1	-	470,317	470,317
Precinct No. 2	-	864,061	864,061
Precinct No. 3	-	751,156	751,156
Precinct No. 4	-	562,458	562,458
Sheriff	2,225,026	-	2,225,026
Tax Assessor-Collector	600,071	-	600,071
Veteran's Administration	40,169	-	40,169
Total expenditures	<u>13,924,595</u>	<u>2,647,992</u>	<u>16,572,587</u>
Excess of revenues over expenditures before other sources and (uses)	<u>3,123,761</u>	<u>413,499</u>	<u>3,537,260</u>
Other sources and (uses):			
Proceeds from the issuance of capital leases	26,965	115,550	142,515
Proceeds from the sale of capital assets	760	99,562	100,322
Transfers out	(1,640,500)	(25,903)	(1,666,403)
Total other sources and (uses)	<u>(1,612,775)</u>	<u>189,209</u>	<u>(1,423,566)</u>
Net change in fund balances	<u>1,510,986</u>	<u>602,708</u>	<u>2,113,694</u>
Fund balances, beginning of year, as originally stated	12,572,847	3,072,756	15,645,603
Prior period adjustment	1,044	-	1,044
Fund balances, beginning of year, as restated	<u>12,573,891</u>	<u>3,072,756</u>	<u>15,646,647</u>
Fund balances, end of year	<u>\$ 14,084,877</u>	<u>\$ 3,675,464</u>	<u>\$ 17,760,341</u>



**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General (10)		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property taxes	\$ 11,511,921	\$ 11,617,006	\$ 105,085
Sales taxes	1,700,000	2,344,725	644,725
Mixed beverage tax	47,000	82,448	35,448
Licenses, fees and fines	1,964,180	2,204,615	240,435
Federal and state grants	270,889	247,010	(23,879)
Inmate revenue	77,000	91,124	14,124
Interest earned	125,000	126,502	1,502
Other revenue	290,041	334,926	44,885
<b>Total revenues</b>	<u>15,986,031</u>	<u>17,048,356</u>	<u>1,062,325</u>
<b>Expenditures</b>			
29th District Court	633,361	585,047	48,314
Commissioners' Court	60,576	59,568	1,008
Constable	429,591	408,394	21,197
County Attorney	298,354	290,149	8,205
County Auditor	297,968	295,937	2,031
County Clerk	422,556	416,447	6,109
County Court	223,541	211,327	12,214
County Extension Service	115,492	109,696	5,796
County Treasurer	148,156	144,901	3,255
District Attorney	364,416	301,947	62,469
District Clerk	257,985	254,930	3,055
Election Administration	224,900	220,223	4,677
Emergency Management	138,638	107,249	31,389
Emergency Medical & Health Services	200,000	200,000	-
General operations	3,836,670	3,549,311	287,359
Health services	10,000	10,000	-
Information Technology	162,606	153,254	9,352
Jail and detention	2,804,948	2,569,460	235,488
Justice of the Peace	625,363	608,130	17,233
Narcotics Unit	177,588	169,268	8,320
Public Works	527,617	394,091	133,526
Road and Bridge:			
Precinct No. 1	-	-	-
Precinct No. 2	-	-	-
Precinct No. 3	-	-	-
Precinct No. 4	-	-	-
Sheriff	2,363,632	2,225,026	138,606
Tax Assessor-Collector	647,798	600,071	47,727
Veteran's Administration	46,377	40,169	6,208
<b>Total expenditures</b>	<u>15,018,133</u>	<u>13,924,595</u>	<u>1,093,538</u>
Excess of revenues over (under) expenditures before other sources and (uses)	<u>967,898</u>	<u>3,123,761</u>	<u>2,155,863</u>
Other sources and (uses):			
Proceeds from the issuance of right-to-use lease liabilities	-	26,965	26,965
Proceeds from the sale of capital assets	5,000	760	(4,240)
Transfers out	(1,640,500)	(1,640,500)	-
<b>Total other sources and (uses):</b>	<u>(1,635,500)</u>	<u>(1,612,775)</u>	<u>22,725</u>
<b>Net change in fund balances</b>	<u>(667,602)</u>	<u>1,510,986</u>	<u>2,178,588</u>
Fund balances, beginning of year, as originally stated	12,572,847	12,572,847	-
Prior period adjustment	1,044	1,044	-
Fund balances, beginning of year, as restated	<u>12,573,891</u>	<u>12,573,891</u>	<u>-</u>
Fund balances, end of year	<u>\$ 11,906,289</u>	<u>\$ 14,084,877</u>	<u>\$ 2,178,588</u>

Road and Bridge (11/12/13/14)			Total		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,307,824	\$ 2,337,735	\$ 29,911	\$ 13,819,745	\$ 13,954,741	\$ 134,996
-	-	-	1,700,000	2,344,725	644,725
-	-	-	47,000	82,448	35,448
691,100	684,991	(6,109)	2,655,280	2,889,606	234,326
-	-	-	270,889	247,010	(23,879)
-	-	-	77,000	91,124	14,124
28,000	36,065	8,065	153,000	162,567	9,567
1,000	2,700	1,700	291,041	337,626	46,585
<u>3,027,924</u>	<u>3,061,491</u>	<u>33,567</u>	<u>19,013,955</u>	<u>20,109,847</u>	<u>1,095,892</u>
-	-	-	633,361	585,047	48,314
-	-	-	60,576	59,568	1,008
-	-	-	429,591	408,394	21,197
-	-	-	298,354	290,149	8,205
-	-	-	297,968	295,937	2,031
-	-	-	422,556	416,447	6,109
-	-	-	223,541	211,327	12,214
-	-	-	115,492	109,696	5,796
-	-	-	148,156	144,901	3,255
-	-	-	364,416	301,947	62,469
-	-	-	257,985	254,930	3,055
-	-	-	224,900	220,223	4,677
-	-	-	138,638	107,249	31,389
-	-	-	200,000	200,000	-
-	-	-	3,836,670	3,549,311	287,359
-	-	-	10,000	10,000	-
-	-	-	162,606	153,254	9,352
-	-	-	2,804,948	2,569,460	235,488
-	-	-	625,363	608,130	17,233
-	-	-	177,588	169,268	8,320
-	-	-	527,617	394,091	133,526
617,255	470,317	146,938	617,255	470,317	146,938
1,076,069	864,061	212,008	1,076,069	864,061	212,008
918,963	751,156	167,807	918,963	751,156	167,807
777,806	562,458	215,348	777,806	562,458	215,348
-	-	-	2,363,632	2,225,026	138,606
-	-	-	647,798	600,071	47,727
-	-	-	46,377	40,169	6,208
<u>3,390,093</u>	<u>2,647,992</u>	<u>742,101</u>	<u>18,408,226</u>	<u>16,572,587</u>	<u>1,835,639</u>
(362,169)	413,499	775,668	605,729	3,537,260	2,931,531
115,550	115,550	-	115,550	142,515	26,965
99,562	99,562	-	104,562	100,322	(4,240)
(93,967)	(25,903)	68,064	(1,734,467)	(1,666,403)	68,064
<u>121,145</u>	<u>189,209</u>	<u>68,064</u>	<u>(1,514,355)</u>	<u>(1,423,566)</u>	<u>90,789</u>
(241,024)	602,708	843,732	(908,626)	2,113,694	3,022,320
3,072,756	3,072,756	-	15,645,603	15,645,603	-
-	-	-	1,044	1,044	-
<u>3,072,756</u>	<u>3,072,756</u>	<u>-</u>	<u>15,646,647</u>	<u>15,646,647</u>	<u>-</u>
<u>\$ 2,831,732</u>	<u>\$ 3,675,464</u>	<u>\$ 843,732</u>	<u>\$ 14,738,021</u>	<u>\$ 17,760,341</u>	<u>\$ 3,022,320</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	Special Revenue Funds						
	15	20	23	24	25	30	32
	CETRZ	Commissary	Historical Commission	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor- Collector
<b>ASSETS</b>							
Cash	\$ (38,614)	\$ 87,943	\$ 23,250	\$ 981	\$ 879	\$ 1,581	\$ 7,740
Investments	-	-	-	-	-	-	-
Receivables, net:							
Property taxes	-	-	-	-	-	-	-
Occupancy taxes	-	-	-	-	-	-	-
Accounts	48,803	11	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	268
<b>Total assets</b>	<b>\$ 10,189</b>	<b>\$ 87,954</b>	<b>\$ 23,250</b>	<b>\$ 981</b>	<b>\$ 879</b>	<b>\$ 1,581</b>	<b>\$ 8,008</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 10,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to others	-	174	-	-	-	-	-
<b>Total liabilities</b>	<b>10,189</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources:							
Unavailable property taxes	-	-	-	-	-	-	-
<b>Fund balances:</b>							
Restricted	-	87,780	23,250	-	879	1,581	8,008
Committed	-	-	-	981	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>87,780</b>	<b>23,250</b>	<b>981</b>	<b>879</b>	<b>1,581</b>	<b>8,008</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,189</b>	<b>\$ 87,954</b>	<b>\$ 23,250</b>	<b>\$ 981</b>	<b>\$ 879</b>	<b>\$ 1,581</b>	<b>\$ 8,008</b>

Special Revenue Funds							
35 Hotel/ Motel Fund	37 Co. Attorney Pretrial Intervention	42 District Attorney Forfeited	45 Sheriff Forfeited	48 District Attorney State	49 Election Services Fund	50 County Clerk PRF	51 District Clerk PRF
\$ 50,943	\$ 30,390	\$ 85,600	\$ 4,852	\$ 35,205	\$ 5,098	\$ 163,207	\$ 40,869
21,314	-	-	35,787	-	-	676,171	67,093
-	-	-	-	-	-	-	-
91,664	-	-	-	-	-	-	-
-	-	-	-	-	3,097	-	-
						14,574	1,435
<u>\$ 163,921</u>	<u>\$ 30,390</u>	<u>\$ 85,600</u>	<u>\$ 40,639</u>	<u>\$ 35,205</u>	<u>\$ 8,195</u>	<u>\$ 853,952</u>	<u>\$ 109,397</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	80	-	-	397	-	330	-
36	-	-	-	-	-	-	-
<u>36</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>397</u>	<u>-</u>	<u>330</u>	<u>-</u>
-	-	-	-	-	-	-	-
163,885	30,310	85,600	40,639	34,808	8,195	853,622	109,397
-	-	-	-	-	-	-	-
<u>163,885</u>	<u>30,310</u>	<u>85,600</u>	<u>40,639</u>	<u>34,808</u>	<u>8,195</u>	<u>853,622</u>	<u>109,397</u>
<u>\$ 163,921</u>	<u>\$ 30,390</u>	<u>\$ 85,600</u>	<u>\$ 40,639</u>	<u>\$ 35,205</u>	<u>\$ 8,195</u>	<u>\$ 853,952</u>	<u>\$ 109,397</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	Special Revenue Funds						
	52 Preservation of Records	53 Juvenile Case Management	54 Law Library Fund	55 Courthouse Security Fund	56 Justice Technology Fund	57 Justice Court Security Fee	58 Employee Fund
<b>ASSETS</b>							
Cash	\$ 21,712	\$ 24,396	\$ 14,157	\$ 22,990	\$ 17,841	\$ 36,044	\$ 4,925
Investments	77,415	-	91,421	37,315	82,577	-	-
Receivables, net:							
Property taxes	-	-	-	-	-	-	-
Occupancy taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Due from other funds	120	117	1,400	959	161	36	-
<b>Total assets</b>	<b>\$ 99,247</b>	<b>\$ 24,513</b>	<b>\$ 106,978</b>	<b>\$ 61,264</b>	<b>\$ 100,579</b>	<b>\$ 36,080</b>	<b>\$ 4,925</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 1,889	\$ 317	\$ 204	\$ -	\$ 70
Accrued liabilities	-	-	-	3,236	-	-	-
Due to others	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,889</b>	<b>3,553</b>	<b>204</b>	<b>-</b>	<b>70</b>
Deferred inflows of resources:							
Unavailable property taxes	-	-	-	-	-	-	-
Fund balances:							
Restricted	99,247	24,513	105,089	57,711	100,375	36,080	-
Committed	-	-	-	-	-	-	4,855
<b>Total fund balances</b>	<b>99,247</b>	<b>24,513</b>	<b>105,089</b>	<b>57,711</b>	<b>100,375</b>	<b>36,080</b>	<b>4,855</b>
<b>Total liabilities and fund balances</b>	<b>\$ 99,247</b>	<b>\$ 24,513</b>	<b>\$ 106,978</b>	<b>\$ 61,264</b>	<b>\$ 100,579</b>	<b>\$ 36,080</b>	<b>\$ 4,925</b>

59 Special Court Fund	Debt Service Funds		Capital Projects Funds					Total Other Governmental Funds
	62 Texas Capital Fund	63 TWDB Fund	70 Texas Capital Fund	71 Sewer Plant	72 Dempsey Facility	73 HAVA Project	75 Court Facility	
\$ 5,825	\$ -	\$ 5,289	\$ 100	\$ 430,769	\$ 181,870	\$ 117,128	\$ 6,201	\$ 1,389,171
-	-	-	-	-	339,433	-	-	1,428,526
-	-	961	-	-	-	-	-	961
-	-	-	-	-	-	-	-	91,664
-	-	-	-	-	-	-	-	51,911
-	-	161	-	-	-	-	800	20,031
<u>\$ 5,825</u>	<u>\$ -</u>	<u>\$ 6,411</u>	<u>\$ 100</u>	<u>\$ 430,769</u>	<u>\$ 521,303</u>	<u>\$ 117,128</u>	<u>\$ 7,001</u>	<u>\$ 2,982,264</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,005	\$ -	\$ 13,674
-	-	-	-	-	-	-	-	4,043
-	-	-	-	-	-	-	-	210
-	-	-	-	-	-	1,005	-	17,927
-	-	961	-	-	-	-	-	961
5,825	-	5,450	100	430,769	-	116,123	-	2,429,236
-	-	-	-	-	521,303	-	7,001	534,140
<u>5,825</u>	<u>-</u>	<u>5,450</u>	<u>100</u>	<u>430,769</u>	<u>521,303</u>	<u>116,123</u>	<u>7,001</u>	<u>2,963,376</u>
<u>\$ 5,825</u>	<u>\$ -</u>	<u>\$ 6,411</u>	<u>\$ 100</u>	<u>\$ 430,769</u>	<u>\$ 521,303</u>	<u>\$ 117,128</u>	<u>\$ 7,001</u>	<u>\$ 2,982,264</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Special Revenue Funds						
	15	20	23	24	25	30	32
	CETRZ	Commissary	Historical Commission	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor- Collector
<b>Revenues</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-	-	-	-
Licenses, fees and fines	-	-	-	-	569	18	883
Federal and state grants	103,612	-	-	-	-	-	-
Commissary revenue	-	80,937	-	-	-	-	-
Interest earned	-	-	256	11	-	-	85
Other revenue	-	-	2,356	-	-	-	-
<b>Total revenues</b>	<b>103,612</b>	<b>80,937</b>	<b>2,612</b>	<b>11</b>	<b>569</b>	<b>18</b>	<b>968</b>
<b>Expenditures</b>							
Capital projects	-	-	-	-	-	-	-
Commissary	-	80,976	-	-	-	-	-
County Attorney	-	-	-	-	-	-	-
County Clerk	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Debt Service - principal	-	-	-	-	-	-	-
Debt Service - interest	-	-	-	-	-	-	-
Debt Service - bond issuance costs	-	-	-	-	-	-	-
District Attorney	-	-	-	-	-	-	-
Elections Administration	-	-	-	-	-	-	-
General operations	-	-	391	-	-	-	-
Hotel/motel tax	-	-	-	-	-	-	-
Road and Bridge:							
Precinct No. 1	21,405	-	-	-	-	-	-
Precinct No. 2	83,383	-	-	-	-	-	-
Precinct No. 3	24,727	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	-
Vending expenditures	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>129,515</b>	<b>80,976</b>	<b>391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other sources/(uses)	(25,903)	(39)	2,221	11	569	18	968
Other sources:							
Transfers in	25,903	-	500	-	-	-	-
<b>Total other sources</b>	<b>25,903</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(39)</b>	<b>2,721</b>	<b>11</b>	<b>569</b>	<b>18</b>	<b>968</b>
Fund balances, beginning of year, as originally stated	-	87,819	20,529	970	310	1,563	7,040
Prior period adjustment	-	-	-	-	-	-	-
Fund balances, beginning of year, as restated	-	87,819	20,529	970	310	1,563	7,040
Fund balances, end of year	\$ -	\$ 87,780	\$ 23,250	\$ 981	\$ 879	\$ 1,581	\$ 8,008

Special Revenue Funds							
35 Hotel/ Motel Fund	37 Co. Attorney Pretrial Intervention	42 District Attorney Forfeited	45 Sheriff Forfeited	48 District Attorney State	49 Election Services Fund	50 County Clerk PRF	51 District Clerk PRF
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
286,678	-	-	-	-	-	-	-
-	10,000	-	-	-	4,837	202,332	14,944
-	-	-	-	26,192	-	-	-
1,075	344	995	416	51	66	7,196	1,071
-	-	-	-	-	2,400	-	-
<u>287,753</u>	<u>10,344</u>	<u>995</u>	<u>416</u>	<u>26,243</u>	<u>7,303</u>	<u>209,528</u>	<u>16,015</u>
-	-	-	-	-	-	-	-
-	4,990	-	-	-	-	-	-
-	-	-	-	-	-	67,793	-
-	-	-	-	-	-	-	-
-	-	2,972	-	24,566	-	-	-
-	-	-	-	-	-	-	-
255,900	-	-	-	-	5,344	-	3,814
-	-	-	-	-	-	-	-
-	-	-	10,737	-	-	-	-
<u>255,900</u>	<u>4,990</u>	<u>2,972</u>	<u>10,737</u>	<u>24,566</u>	<u>5,344</u>	<u>67,793</u>	<u>3,814</u>
31,853	5,354	(1,977)	(10,321)	1,677	1,959	141,735	12,201
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>31,853</u>	<u>5,354</u>	<u>(1,977)</u>	<u>(10,321)</u>	<u>1,677</u>	<u>1,959</u>	<u>141,735</u>	<u>12,201</u>
132,032	24,956	87,577	50,960	33,131	6,236	711,887	97,196
-	-	-	-	-	-	-	-
<u>132,032</u>	<u>24,956</u>	<u>87,577</u>	<u>50,960</u>	<u>33,131</u>	<u>6,236</u>	<u>711,887</u>	<u>97,196</u>
<u>\$ 163,885</u>	<u>\$ 30,310</u>	<u>\$ 85,600</u>	<u>\$ 40,639</u>	<u>\$ 34,808</u>	<u>\$ 8,195</u>	<u>\$ 853,622</u>	<u>\$ 109,397</u>



**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Special Revenue Funds						
	52 Preservation of Records	53 Juvenile Case Management	54 Law Library Fund	55 Courthouse Security Fund	56 Justice Technology Fund	57 Justice Court Security Fee	58 Employee Fund
<b>Revenues</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-	-	-	-
Licenses, fees and fines	2,032	13,721	15,750	22,117	11,830	3,316	-
Federal and state grants	-	-	-	-	-	-	-
Commissary revenue	-	-	-	-	-	-	-
Interest earned	982	238	1,021	1,027	993	395	56
Other revenue	-	-	-	-	-	-	1,324
<b>Total revenues</b>	<b>3,014</b>	<b>13,959</b>	<b>16,771</b>	<b>23,144</b>	<b>12,823</b>	<b>3,711</b>	<b>1,380</b>
<b>Expenditures</b>							
Capital projects	-	-	-	-	-	-	-
Commissary	-	-	-	-	-	-	-
County Attorney	-	-	-	-	-	-	-
County Clerk	-	-	-	-	-	-	-
Courthouse security	-	-	-	205,860	-	-	-
Debt Service - principal	-	-	-	-	-	-	-
Debt Service - interest	-	-	-	-	-	-	-
Debt Service - bond issuance costs	-	-	-	-	-	-	-
District Attorney	-	-	-	-	-	-	-
Elections Administration	-	-	-	-	-	-	-
General operations	-	18,000	15,173	-	12,569	-	-
Hotel/motel tax	-	-	-	-	-	-	-
Road and Bridge:							
Precinct No. 1	-	-	-	-	-	-	-
Precinct No. 2	-	-	-	-	-	-	-
Precinct No. 3	-	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	-
Vending expenditures	-	-	-	-	-	-	1,650
<b>Total expenditures</b>	<b>-</b>	<b>18,000</b>	<b>15,173</b>	<b>205,860</b>	<b>12,569</b>	<b>-</b>	<b>1,650</b>
Excess (deficiency) of revenues over (under) expenditures before other sources/(uses)	3,014	(4,041)	1,598	(182,716)	254	3,711	(270)
Other sources/(uses):							
Transfers in	-	-	-	80,000	-	-	-
<b>Total other sources/(uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3,014</b>	<b>(4,041)</b>	<b>1,598</b>	<b>(102,716)</b>	<b>254</b>	<b>3,711</b>	<b>(270)</b>
Fund balances, beginning of year, as originally stated	96,233	28,554	103,491	160,427	100,121	32,369	5,125
Prior period adjustment	-	-	-	-	-	-	-
Fund balances, beginning of year, as restated	96,233	28,554	103,491	160,427	100,121	32,369	5,125
<b>Fund balances, end of year</b>	<b>\$ 99,247</b>	<b>\$ 24,513</b>	<b>\$ 105,089</b>	<b>\$ 57,711</b>	<b>\$ 100,375</b>	<b>\$ 36,080</b>	<b>\$ 4,855</b>

59 Special Court Fund	Debt Service Funds		Capital Projects Funds					Total Other Governmental Funds
	62 Texas Capital Fund	63 TWDB Fund	70 Texas Capital Fund	71 Sewer Plant	72 Dempsey Facility	73 HAVA Project	75 Court Facility	
\$ -	\$ -	\$ 42,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,155
-	-	-	-	-	-	-	-	286,678
3,148	-	-	-	-	-	-	6,960	312,457
-	-	-	-	-	-	295,431	-	425,235
-	-	-	-	-	-	-	-	80,937
50	7,886	59	-	1,997	6,848	3,194	41	36,353
-	20,114	-	-	-	73,245	-	-	99,439
<u>3,198</u>	<u>28,000</u>	<u>42,214</u>	<u>-</u>	<u>1,997</u>	<u>80,093</u>	<u>298,625</u>	<u>7,001</u>	<u>1,283,254</u>
-	-	-	-	2,800	-	-	-	2,800
-	-	-	-	-	-	-	-	80,976
-	-	-	-	-	-	-	-	4,990
-	-	-	-	-	-	-	-	67,793
-	-	-	-	-	-	-	-	205,860
-	28,000	45,000	-	-	-	-	-	73,000
-	-	83	-	-	-	-	-	83
-	-	-	-	400	-	-	-	400
-	-	-	-	-	-	-	-	27,538
-	-	-	-	-	-	297,509	-	297,509
-	-	-	-	-	-	-	-	55,291
-	-	-	-	-	-	-	-	255,900
-	-	-	-	-	-	-	-	21,405
-	-	-	-	-	-	-	-	83,383
-	-	-	-	-	-	-	-	24,727
-	-	-	-	-	-	-	-	10,737
-	-	-	-	-	-	-	-	1,650
-	<u>28,000</u>	<u>45,083</u>	<u>-</u>	<u>3,200</u>	<u>-</u>	<u>297,509</u>	<u>-</u>	<u>1,214,042</u>
<u>3,198</u>	<u>-</u>	<u>(2,869)</u>	<u>-</u>	<u>(1,203)</u>	<u>80,093</u>	<u>1,116</u>	<u>7,001</u>	<u>69,212</u>
-	-	-	-	-	-	-	-	106,403
-	-	-	-	-	-	-	-	106,403
<u>3,198</u>	<u>-</u>	<u>(2,869)</u>	<u>-</u>	<u>(1,203)</u>	<u>80,093</u>	<u>1,116</u>	<u>7,001</u>	<u>175,615</u>
2,627	-	8,319	100	431,972	441,210	116,051	-	2,788,805
-	-	-	-	-	-	(1,044)	-	(1,044)
<u>2,627</u>	<u>-</u>	<u>8,319</u>	<u>100</u>	<u>431,972</u>	<u>441,210</u>	<u>115,007</u>	<u>-</u>	<u>2,787,761</u>
<u>\$ 5,825</u>	<u>\$ -</u>	<u>\$ 5,450</u>	<u>\$ 100</u>	<u>\$ 430,769</u>	<u>\$ 521,303</u>	<u>\$ 116,123</u>	<u>\$ 7,001</u>	<u>\$ 2,963,376</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2022**

	40 District Attorney Seized Funds	79 Sheriff's Department Civil Process	80 Tax Collection	81 Auto Registration	82 Justice of the Peace Precinct #2
<b>Assets</b>					
Cash	\$ 118,275	\$ 7,126	\$ 435,473	\$ 349,273	\$ 568
Investments	-	-	-	-	-
Other receivables	-	-	-	681	284
Due from other funds	-	-	-	-	-
Deferred expenditures	-	-	200	-	-
Total assets	<u>118,275</u>	<u>7,126</u>	<u>435,673</u>	<u>349,954</u>	<u>852</u>
<b>Liabilities</b>					
Due to other funds	-	2,127	49,741	40,405	852
Total liabilities	<u>-</u>	<u>2,127</u>	<u>49,741</u>	<u>40,405</u>	<u>852</u>
<b>Net Position</b>					
Restricted for other purposes	118,275	4,999	385,932	309,549	-
Total net position	<u>\$ 118,275</u>	<u>\$ 4,999</u>	<u>\$ 385,932</u>	<u>\$ 309,549</u>	<u>\$ -</u>

83	84	85	87	88	89	90
Justice of the Peace Precinct #3	Justice of the Peace Precinct #4	Justice of the Peace Precinct #5	County Treasurer (Special)	County Clerk	Juvenile Rest	District Clerk
\$ 9,770	\$ 15,388	\$ 11,680	\$ 70,088	\$ 41,622	\$ 211	\$ 16,100
-	-	-	-	-	-	-
1,466	2,007	1,129	-	2,089	-	11,595
-	-	-	30,998	-	-	-
-	-	-	-	-	-	-
<u>11,236</u>	<u>17,395</u>	<u>12,809</u>	<u>101,086</u>	<u>43,711</u>	<u>211</u>	<u>27,695</u>
11,236	17,395	12,809	311	43,711	-	26,393
<u>11,236</u>	<u>17,395</u>	<u>12,809</u>	<u>311</u>	<u>43,711</u>	<u>-</u>	<u>26,393</u>
-	-	-	100,775	-	211	1,302
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,775</u>	<u>\$ -</u>	<u>\$ 211</u>	<u>\$ 1,302</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2022**

	92	93	94	95	96
	Justice of the Peace Precinct #1	County Clerk	County Attorney	District Clerk	District Attorney
<b>Assets</b>					
Cash	\$ 20,950	\$ 74,584	\$ 2,127	\$ 566,188	\$ 6,505
Investments	-	-	-	76,855	-
Other receivables	1,094	-	-	-	-
Due from other funds	-	-	-	-	-
Deferred expenditures	-	-	-	-	-
Total assets	<u>22,044</u>	<u>74,584</u>	<u>2,127</u>	<u>643,043</u>	<u>6,505</u>
<b>Liabilities</b>					
Due to other funds	<u>22,044</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>22,044</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>					
Restricted for other purposes	<u>-</u>	<u>74,584</u>	<u>2,121</u>	<u>643,043</u>	<u>6,505</u>
Total net position	<u>\$ -</u>	<u>\$ 74,584</u>	<u>\$ 2,121</u>	<u>\$ 643,043</u>	<u>\$ 6,505</u>

97

98

110

<u>Public Works</u>	<u>Inmate Trust</u>	<u>Deferred Compensation</u>	<u>Totals</u>
\$ 4,129	\$ 9,536	\$ -	\$ 1,759,593
-	-	1,130,096	1,206,951
-	-	-	20,345
-	-	-	30,998
-	-	-	200
<u>4,129</u>	<u>9,536</u>	<u>1,130,096</u>	<u>3,018,087</u>
<u>3,509</u>	<u>-</u>	<u>-</u>	<u>230,539</u>
<u>3,509</u>	<u>-</u>	<u>-</u>	<u>230,539</u>
<u>620</u>	<u>9,536</u>	<u>1,130,096</u>	<u>2,787,548</u>
<u>\$ 620</u>	<u>\$ 9,536</u>	<u>\$ 1,130,096</u>	<u>\$ 2,787,548</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2022**

	40 District Attorney Seized Funds	79 Sheriff's Department Civil Process	80 Tax Collection	81 Auto Registration	82 Justice of the Peace Precinct #2
<b>Additions</b>					
District Attorney	\$ 1,301	\$ -	\$ -	\$ -	\$ -
Sheriff's Department	-	599,056	-	-	-
Tax Assessor/Collector	-	-	66,906,994	11,838,939	-
Justices of the Peace	-	-	-	-	12,091
County Treasurer	-	-	-	-	-
County Clerk	-	-	-	-	-
Juvenile Department	-	-	-	-	-
District Clerk	-	-	-	-	-
County Attorney	-	-	-	-	-
Public Works	-	-	-	-	-
Inmate Trust	-	-	-	-	-
Total additions	<u>1,301</u>	<u>599,056</u>	<u>66,906,994</u>	<u>11,838,939</u>	<u>12,091</u>
<b>Deductions</b>					
District Attorney	-	-	-	-	-
Sheriff's Department	-	595,556	-	-	-
Tax Assessor/Collector	-	-	66,773,062	11,818,424	-
Justices of the Peace	-	-	-	-	12,091
County Treasurer	-	-	-	-	-
County Clerk	-	-	-	-	-
Juvenile Department	-	-	-	-	-
District Clerk	-	-	-	-	-
County Attorney	-	-	-	-	-
Public Works	-	-	-	-	-
Inmate Trust	-	-	-	-	-
Deferred Compensation	-	-	-	-	-
Total deductions	<u>-</u>	<u>595,556</u>	<u>66,773,062</u>	<u>11,818,424</u>	<u>12,091</u>
<b>Change in net position</b>	1,301	3,500	133,932	20,515	-
<b>Net position - beginning</b>	116,974	1,499	252,000	289,034	-
<b>Net position - ending</b>	<u>\$ 118,275</u>	<u>\$ 4,999</u>	<u>\$ 385,932</u>	<u>\$ 309,549</u>	<u>\$ -</u>

83	84	85	87	88	89	90
Justice of the Peace Precinct #3	Justice of the Peace Precinct #4	Justice of the Peace Precinct #5	County Treasurer (Special)	County Clerk	Juvenile Rest	District Clerk
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
98,957	104,371	66,637	-	-	-	-
-	-	-	406,574	-	-	-
-	-	-	-	175,326	-	-
-	-	-	-	-	392	-
-	-	-	-	-	-	132,043
-	-	-	-	-	-	-
<u>98,957</u>	<u>104,371</u>	<u>66,637</u>	<u>406,574</u>	<u>175,326</u>	<u>392</u>	<u>132,043</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
98,957	104,371	66,637	-	-	-	-
-	-	-	419,591	-	-	-
-	-	-	-	175,326	-	-
-	-	-	-	-	381	-
-	-	-	-	-	-	132,043
-	-	-	-	-	-	-
<u>98,957</u>	<u>104,371</u>	<u>66,637</u>	<u>419,591</u>	<u>175,326</u>	<u>381</u>	<u>132,043</u>
-	-	-	(13,017)	-	11	-
-	-	-	113,792	-	200	1,302
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,775</u>	<u>\$ -</u>	<u>\$ 211</u>	<u>\$ 1,302</u>



**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2022**

	92	93	94	95
	Justice of the Peace Precinct #1	County Clerk	County Attorney	District Clerk
<b>Additions</b>				
District Clerk	\$ -	\$ -	\$ -	\$ 266,090
Sheriff's Department	-	-	-	-
Tax Assessor/Collector	-	-	-	-
Justices of the Peace	160,282	-	-	-
County Treasurer	-	-	-	-
County Clerk	-	19,520	-	-
Juvenile Department	-	-	-	-
District Clerk	-	-	-	-
County Attorney	-	-	7,467	-
Public Works	-	-	-	-
Inmate Trust	-	-	-	-
Total additions	<u>160,282</u>	<u>19,520</u>	<u>7,467</u>	<u>266,090</u>
<b>Deductions</b>				
District Clerk	-	-	-	73,147
Sheriff's Department	-	-	-	-
Tax Assessor/Collector	-	-	-	-
Justices of the Peace	160,282	-	-	-
County Treasurer	-	-	-	-
County Clerk	-	11,505	-	-
Juvenile Department	-	-	-	-
District Clerk	-	-	-	-
County Attorney	-	-	6,967	-
Public Works	-	-	-	-
Inmate Trust	-	-	-	-
Deferred Compensation	-	-	-	-
Total deductions	<u>160,282</u>	<u>11,505</u>	<u>6,967</u>	<u>73,147</u>
<b>Change in net position</b>	-	8,015	500	192,943
<b>Net position - beginning</b>	-	66,569	1,621	450,100
<b>Net position - ending</b>	<u>\$ -</u>	<u>\$ 74,584</u>	<u>\$ 2,121</u>	<u>\$ 643,043</u>

96	97	98	110	
District Attorney	Public Works	Inmate Trust	Deferred Compensation	Totals
\$ -	\$ -	\$ -	\$ -	\$ 267,391
-	-	-	-	599,056
-	-	-	-	78,745,933
-	-	-	-	442,338
-	-	-	-	406,574
-	-	-	-	194,846
-	-	-	-	392
-	-	-	-	132,043
-	-	-	-	7,467
-	79,218	-	-	79,218
-	-	225,315	-	225,315
<u>-</u>	<u>79,218</u>	<u>225,315</u>	<u>-</u>	<u>81,100,573</u>
-	-	-	-	73,147
-	-	-	-	595,556
-	-	-	-	78,591,486
-	-	-	-	442,338
-	-	-	-	419,591
-	-	-	-	186,831
-	-	-	-	381
-	-	-	-	132,043
-	-	-	-	6,967
-	79,118	-	-	79,118
-	-	222,820	-	222,820
-	-	-	101,439	101,439
<u>-</u>	<u>79,118</u>	<u>222,820</u>	<u>101,439</u>	<u>80,851,717</u>
-	100	2,495	(101,439)	248,856
6,505	520	7,041	1,231,535	2,538,692
<u>\$ 6,505</u>	<u>\$ 620</u>	<u>\$ 9,536</u>	<u>\$ 1,130,096</u>	<u>\$ 2,787,548</u>

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - COMMISSARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Revenues		
Commissary revenue	\$	21,163
Phone card revenue		50,545
Over-the-counter revenue		9,226
Other income		3
Total revenues		<u>80,937</u>
Expenditures		
Commissary:		
Operations and management		3,600
Phone card expense		21,766
Commissary supplies		2,714
Over-the-counter supplies		1,667
Indigent supplies		9,001
Cable TV		2,052
Repairs and maintenance		1,327
Miscellaneous expense		21,107
Capital expense		17,742
Total expenditures		<u>80,976</u>
Excess of revenues over (under) expenditures		(39)
Fund balance, beginning of year		<u>87,819</u>
Fund balance, end of year	\$	<u>87,780</u>