

ANDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**



**Prepared by:
Anderson County Auditor's Office**

**Megan Lambright
County Auditor**

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ANDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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Megan Lambright
County Auditor



ANDERSON COUNTY AUDITOR
703 N. Mallard St. Suite 110
Palestine, TX 75801
Phone: (903) 723-7401
Fax: (903) 723-7808

September 26, 2023

The Honorable Board of District Judges,
The Anderson County Commissioners Court and
Citizens of Anderson County

In compliance with *Texas Local Government Code, §114.025*, the financial statements of Anderson County, Texas (the "County") are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby submit the annual financial report of the County for the fiscal year ended December 31, 2022.

This report consists of management's representations concerning the finances of the County. Therefore, management of the County assumes the responsibility for accuracy, completeness, fairness and reliability of the financial data presented in this report, including all disclosures. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, The County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. Responsibility for internal controls is shared by the Commissioners Court, which is the governing body of the County, the County Auditor, who is appointed by the District Judges, and the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by Pattillo, Brown and Hill, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2022, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The introductory section includes this transmittal letter, the county's organizational chart and a list of officials. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found in the financial section following the report of the independent auditors. The financial section of this report also includes government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information and the combining fund financial statements in addition to the report of the independent auditors.

PROFILE OF ANDERSON COUNTY

Anderson County is located in East Texas between the Trinity and the Neches rivers. Palestine, the county's largest town and its county seat, is 108 miles southeast of Dallas and 153 miles north of Houston. U.S. Highways 287, 79, and 84 provide the major transportation routes through the county. The County is the 52nd largest of the 254 counties in Texas; with a 2020 census population of 57,922. Significant cities in the County include Palestine, the county seat, Elkhart, and Frankston. The County falls within the 5th Texas congressional districts and the 3rd Texas senatorial district. The county consists of 1,077 square miles with a 2000 population density 53.8 residents per square mile.

The County is a political subdivision of the State of Texas. The Commissioners Court, which is composed of four Commissioners and the County Judge, is the general governing body of the County in accordance with Article 5 Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rate, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Judge as assisted by the County Auditor. The Commissioners Court is also responsible for developing policies and orders, approving financial commitments and appointing various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval.

The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local government units. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail, etc.), roads and highways and health and welfare (e.g., assistance to indigents).

The annual budget serves as the foundation for the County's planning and control. Budget hearings are posted annually in July, August and September, with the final budget approved by the Commissioners Court following the hearings. The final budget includes contingency and emergency reserve line items. Unencumbered appropriations lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department and category. Capital expenditures are approved on a line item basis. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

An understanding of the financial condition of the County is enhanced when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy - The County maintains a relatively stable local economy. The County has a somewhat limited tax base and economic employment base with the top ten taxpayers in the County accounting for approximately 16% of the County's tax base.

Primary employers in the County include the Texas Department of Corrections facility (2195 employees), Wal-Mart Stores Inc. distributing center (1560), Sanderson Farms (1095) and Palestine Regional Medical Center (500). For December 2022, the County's unemployment rate of 3.0% was lower than the state's rate of 5.6% and below the national average of 3.8%.

The County's tax base increased in 2022 due to an increase in real property and in mineral valuations. The Commissioners Court is continuing to take a conservative approach to the allocation of resources in order to ensure that the County is prepared for economic fluctuations.

Relevant Financial Policies – The County adopts a one-year budget as part of its financial planning process. The budgets along with the financial policies of the County serve as the basis for the overall fiscal management of the county's resources. The budget implements strategies, both financial and operational, identified through the strategic and long-range planning process to meet existing challenges and to effectively plan for future needs. Goals and objectives are incorporated into policy statements which are continually reevaluated to provide the necessary structure for achieving these goals.

Long-term Financial Planning – Long term financial planning goals include the following:

- Operate the County government in the most fiscally responsible manner possible.
- Control expenditures by implementing cost savings measures at any opportunity.
- Promote a favorable environment for retaining and expanding existing businesses while attracting a wide variety of new businesses to provide economic growth and development which will provide sufficient resources to fund County operations while mitigating the overall tax burden on County taxpayers.
- Implement technological solutions to improve the efficiency and effectiveness of operations,

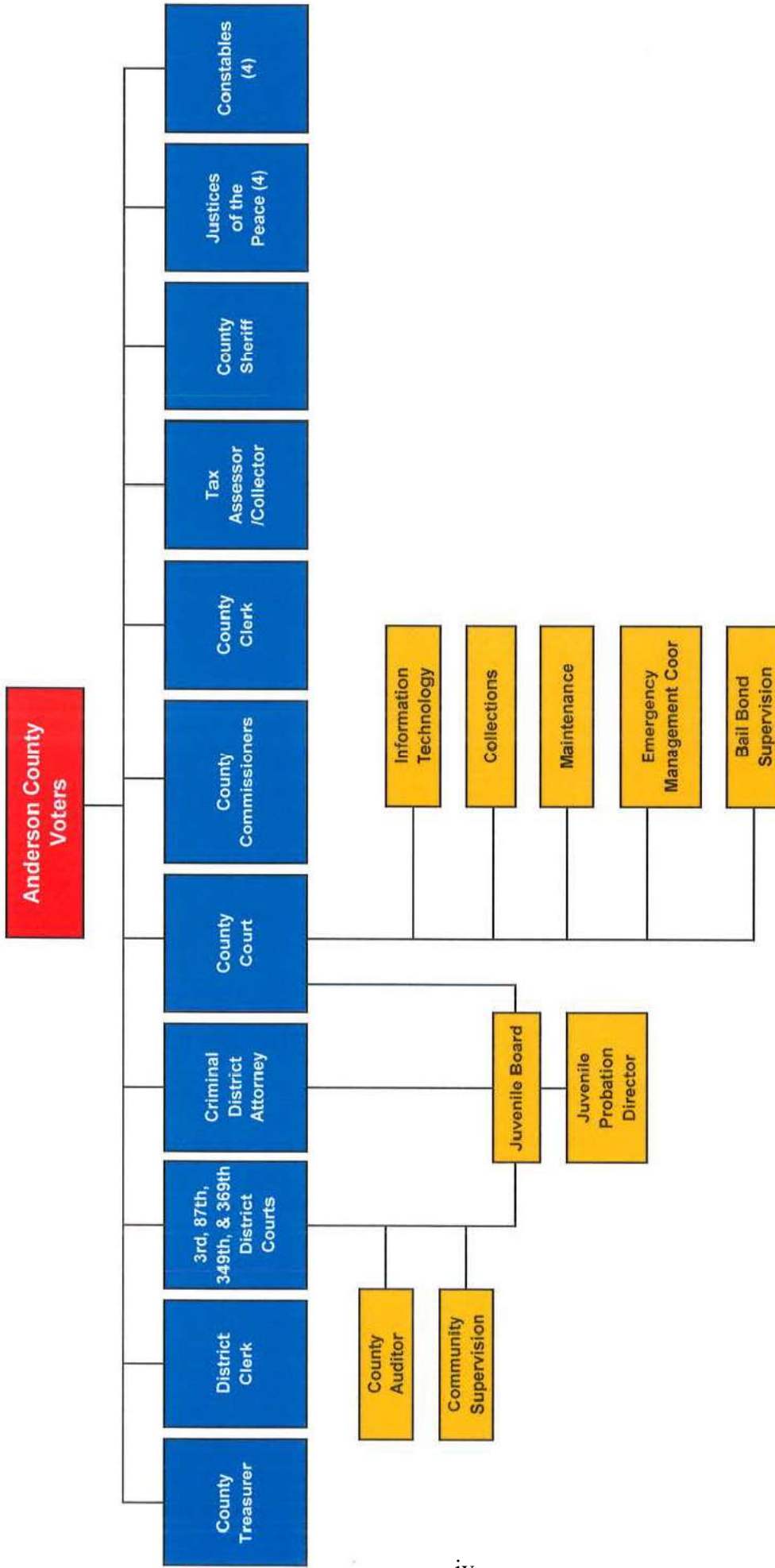
The successful completion of this report could not have been achieved without the dedicated efforts of the staff of the County Auditor's Office and the professional services provided by our independent auditors, Pattillo, Brown and Hill, LLP. I wish to express my gratitude to the District Judges, the Commissioners Court, and the other County officials and departments for their support in planning and conducting the financial affairs of the County in a responsible and progressive manner.

Respectfully submitted,



Megan Lambright
Anderson County Auditor

**ANDERSON COUNTY, TEXAS
ORGANIZATIONAL CHART
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**



ANDERSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

Commissioners Court

Carey G. McKinney
Greg Chapin
Rashad Q. Mims, I
Kenneth Dickson
Joey Hill

County Judge
Commissioner, Precinct 1
Commissioner, Precinct 2
Commissioner, Precinct 3
Commissioner, Precinct 4

Judicial

Mark Calhoon
Amy Thomas Ward
Pam Foster Fletcher
C. Michael Davis

Judge, 3rd District Court
Judge, 87th District Court
Judge, 349th District Court
Judge, 369th District Court

Law Enforcement

W.R. Flores
Allyson Mitchell
Emily Lane*

County Sheriff
Criminal District Attorney
Chief Juvenile Probation Director

Financial Administration

Megan Lambright*
Tara Holliday
Margie Grissom

County Auditor
County Treasurer
County Tax Assessor/Collector

Recording Officials

Teresa Coker
Mark Staples

District Clerk
County Clerk

*Denotes appointed officials. All others listed are elected.

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and County Commissioners
Anderson County, Texas

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Texas (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on 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 introductory section and combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the introductory section and combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

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

Waco, Texas
September 26, 2023

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Anderson County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The net position of the County at the close of the most recent fiscal year was \$28,940,444. Of this amount, \$4,488,765 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$2,880,417 from operations.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$24,109,116, an increase of \$2,520,383 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,118,604 or 43% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the 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 the 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 readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial, public safety, social services, and roads and bridges.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the County can be divided into three categories: governmental, proprietary, 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 statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County maintains 48 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, the Capital Projects Fund, and the American Rescue Plan Act Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Anderson County utilizes and maintains budgetary control over its operating funds. Budgetary controls are used to ensure compliance with legal provisions required under state statute governing the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted at the department and account line-item levels for all funds. Appropriations for Capital Projects Funds are approved on an annual basis. The Required Supplementary Information contains a budget comparison for the General Fund. The comparison schedule is used to demonstrate compliance with the budget both as originally adopted and as finally amended.

Proprietary Funds. The County maintains one type of proprietary fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses its Internal Service Fund to account for its health insurance. This internal service function has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the County’s progress in funding its obligation to provide pension and OPEB benefits to its employees. Additionally, a budgetary comparison schedule for the General Fund has been provided to demonstrate compliance with the budget. Required supplementary information can be found immediately following the notes to the financial statements.

This report also contains other supplementary information in the form of combining fund statements that further support the information in the financial statements. The combining fund statements are presented immediately following the required supplementary information.

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 the County, net position was \$28,940,444 at the close of the most recent fiscal year.

The County’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, is 64% of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the 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.

Anderson County’s Net Position

	Governmental Activities	
	2022	2021
Current and other assets	\$ 57,247,518	\$ 47,348,161
Capital assets	41,569,739	42,721,692
Total assets	<u>98,817,257</u>	<u>90,069,853</u>
Deferred outflows of resources	1,904,783	3,568,714
Long-term liabilities	43,978,640	47,282,810
Other liabilities	1,419,155	1,317,195
Total liabilities	<u>45,397,795</u>	<u>48,600,005</u>
Deferred inflows of resources	26,383,801	18,978,535
Net position:		
Net investment in capital assets	18,580,406	18,170,339
Restricted	5,871,273	4,568,374
Unrestricted	4,488,765	3,321,314
Total net position	<u>\$ 28,940,444</u>	<u>\$ 26,060,027</u>

An additional portion of the County’s net position, \$5,871,273 (21%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, 4,488,765 (16%), may be used to meet the County’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position.

Statement of Activities. Governmental activities increased the County’s net position by \$2,880,417.

Anderson County's Changes in Net Position

	Governmental Activities	
	2022	2021
Revenues		
Program revenues:		
Charges for services	\$ 3,424,827	\$ 3,478,987
Operating grants and contributions	3,075,805	1,143,975
Capital grants and contributions	69,322	135,975
General revenues:		
Property taxes	18,465,495	15,392,397
Sales taxes	4,528,268	3,370,465
Other taxes	56,068	48,581
Hotel occupancy	204,329	56,149
Investment earnings	262,058	103,674
Gain on sale of capital assets	17,319	536,192
Miscellaneous	160,866	250,164
Total revenues	30,264,357	24,516,559
Expenses		
General government	6,295,908	7,485,331
Judicial	3,435,797	3,215,699
Public safety	9,514,320	7,117,185
Social services	783,851	743,140
Roads and bridges	6,490,819	7,469,951
Interest on long-term debt	863,245	760,366
Total expenses	27,383,940	26,791,672
CHANGE IN NET POSITION	2,880,417	(2,275,113)
NET POSITION, BEGINNING	26,060,027	28,335,140
NET POSITION, ENDING	\$ 28,940,444	\$ 26,060,027

Sales tax increased by \$1,157,803 due to economic incline. Capital grants and contributions decreased by \$66,653 and operating grants and contributions increased by \$1,931,830 because of changes in funding activities from granting activities. Road and Bridge expenditures decreased by \$979,132 due to the usage of road bonds. Investment earnings rose due to increasing interest rates.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. 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 the fiscal year. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$9,118,604. As a measure of the General Fund's liquidity, it may be useful to compare both assigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$2,455,787 during the current fiscal year. Property tax collections increased by \$2,729,193 and sales tax collections increased by \$1,157,803. Expenditures for the General Fund for 2022 decreased by \$1,379,640 from the prior year.

The Capital Projects Fund accounted for 16% of the total governmental fund assets. At the end of the current fiscal year, the Capital Projects Fund had an ending fund balance of \$8,573,831. Which was a decrease of \$755,802.

The American Rescue Plan Act Fund accounted for 17% of the total governmental fund assets. Expenditures increased by \$1,922,716 compared to the prior year,

General Fund Budgetary Highlights

The following are significant variations between the final budget and actual amounts in the General Fund:

- Actual revenues were higher than budgeted by \$2,879,805; primarily due to property and sales tax revenue being more than expected.
- Actual expenditures were lower than budgeted by \$1,290,878; primarily due to budgetary controls and adherence to adopted budgets across all departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County’s investment in capital assets for its governmental activities as of December 31, 2022, amounted to \$41,569,739 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, construction in progress, buildings and improvements, and machinery and equipment.

**Anderson County's Capital Assets
(net of depreciation)**

	Governmental Activities	
	2022	2021
Land	\$ 2,059,004	\$ 2,012,111
Construction in progress	441,840	272,786
Buildings and improvements	14,335,019	14,647,692
Roads and bridges	20,191,461	20,791,422
Machinery and equipment	4,343,644	4,997,681
Right-to-use - equipment	198,771	232,856
Total	\$ 41,569,739	\$ 42,954,548

Major additions to the County’s capital assets during 2022 include \$1,661,132 of road and bridge additions, \$957,357 of new equipment and machinery, and \$314,668 of buildings and improvements.

Additional information on the County’s capital assets can be found in Note 2 to the financial statements.

Long-term debt. At the end of the current fiscal year, the County has a total bonded debt of \$25,170,000.

**Anderson County's Outstanding Debt
General Obligation Bonds**

	Governmental Activities	
	2022	2021
Bonds	\$ 19,285,000	\$ 20,325,000
Total	\$ 19,285,000	\$ 20,325,000

Certificates of Obligation Bonds

	Governmental Activities	
	2022	2021
Bonds	\$ 5,885,000	\$ 5,885,000
Total	\$ 5,885,000	\$ 5,885,000

State statutes limit the amount of general obligation debt a governmental activity may issue to 5% of its total assessed valuation. The current debt limitation for the County is \$193,852,019, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 2 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

In considering the Anderson County budget for FY 2023, Commissioners Court considered the following factors:

- The unemployment rate for the County is currently 3.5%, which is a decrease from the rate of 6.2% a year ago.
- Interest rates and corresponding revenue are expected to increase slowly over the next couple of years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 703 N. Mallard Suite 110, Palestine, TX 75801.

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**BASIC
FINANCIAL STATEMENTS**

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ANDERSON COUNTY

Statement of Net Position

December 31, 2022

	Governmental Activities
Assets	
Cash and investments	\$ 38,256,556
Receivables (net of allowances for uncollectible):	
Accounts	967,204
Property taxes	13,685,309
Other taxes	1,051,927
Due from other governments	67,648
Due from other entities	56,173
Prepaid expenses	455,973
Net pension asset	2,706,728
Capital assets	116,832,515
Accumulated depreciation	(75,262,776)
Total assets	<u>98,817,257</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	1,472,388
Deferred outflows related to OPEB	379,698
Deferred loss on bond refunding	52,697
Total deferred outflows of resources	<u>1,904,783</u>
Liabilities	
Accounts payable	526,912
Accrued liabilities	280,755
Due to other governments	87,915
Due to other entities	26,205
Other payables	36,387
Interest payable	460,981
Unearned revenue	9,058,089
Noncurrent liabilities:	
Due within one year	3,741,841
Due in more than one year	31,178,710
Total liabilities	<u>45,397,795</u>
Deferred Inflows of Resources	
Property taxes levied for future periods	12,872,065
Advance property tax collections	5,722,605
Deferred inflows related to pensions	7,062,269
Deferred inflows related to OPEB	726,862
Total deferred inflows of resources	<u>26,383,801</u>
Net Position	
Net investment in capital assets	18,580,406
Restricted for:	
General government	517,179
Judicial operations	646,037
Public safety operations	1,298,458
Social services operations	116,235
Roads and bridges	149,460
Debt service	3,143,904
Unrestricted	4,488,765
Total net position	<u>\$ 28,940,444</u>

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

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ANDERSON COUNTY

Statement of Activities

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 6,295,908	\$ 1,067,092	\$ 71,375	\$ -	\$ (5,157,441)
Judicial	3,435,797	918,219	371,408	-	(2,146,170)
Public safety	9,514,320	496,855	2,578,739	69,322	(6,369,404)
Social Services	783,851	36,843	1,196	-	(745,812)
Roads and bridges	6,490,819	905,818	53,087	-	(5,531,914)
Interest on long-term debt	863,245	-	-	-	(863,245)
Total governmental activities	\$ 27,383,940	\$ 3,424,827	\$ 3,075,805	\$ 69,322	\$ (20,813,986)
General revenues:					
Taxes:					
Property					18,465,495
Sales					4,528,268
Other					56,068
Hotel occupancy					204,329
Unrestricted investment earnings					262,058
Gain on sale of capital assets					17,319
Miscellaneous					160,866
Total general revenues					23,694,403
Change in net position					2,880,417
Net position, beginning					26,060,027
Net position, ending					\$ 28,940,444

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

ANDERSON COUNTY, TEXAS

Balance Sheet

Governmental Funds

December 31, 2022

	General	Capital Projects	American Rescue Plan Act Fund	Other Governmental	Total Governmental Funds
Assets:					
Cash and Investments	\$ 15,409,879	\$ 8,320,206	\$ 9,155,052	\$ 5,282,555	\$ 38,167,692
Receivables (net of allowances for estimated uncollectible):					
Accounts	967,204	-	-	-	967,204
Property Taxes	11,414,549	3,930	-	2,266,830	13,685,309
Other Taxes	1,051,927	-	-	-	1,051,927
Prepaid Assets	455,973	-	-	-	455,973
Due from Other Governments	-	-	-	67,648	67,648
Due from Other Funds	14,685	258,685	-	-	273,370
Due from Other Entities	37,904	-	-	18,269	56,173
Total Assets	\$ 29,352,121	\$ 8,582,821	\$ 9,155,052	\$ 7,635,302	\$ 54,725,296
Liabilities:					
Accounts Payable	\$ 285,924	\$ 5,060	\$ 172,413	\$ 63,515	\$ 526,912
Accrued Liabilities	267,124	-	-	13,631	280,755
Due to Other Governments	80,688	-	-	7,227	87,915
Due to Other Funds	158,776	-	-	114,594	273,370
Due to Other Entities	26,205	-	-	-	26,205
Other Payables	36,387	-	-	-	36,387
Unearned Revenue	-	-	8,982,639	75,450	9,058,089
Total Liabilities	855,104	5,060	9,155,052	274,417	10,289,633
Deferred Inflows of Resources:					
Advanced property tax collections	4,762,990	-	-	959,615	5,722,605
Unavailable Revenue - property taxes	11,373,312	3,930	-	2,259,496	13,636,738
Unavailable Revenue - court fines & fees	967,204	-	-	-	967,204
Total Deferred Inflows of Resources	17,103,506	3,930	-	3,219,111	20,326,547
Fund Balances:					
Nonspendable					
Prepaid Items	455,973	-	-	-	455,973
Restricted for:					
General Government	-	-	-	517,179	517,179
Judicial operations	-	-	-	646,037	646,037
Public Safety operations	-	-	-	1,298,458	1,298,458
Social Services operations	-	-	-	116,235	116,235
Roads & Bridges	-	-	-	149,460	149,460
Debt Service	-	-	-	1,414,405	1,414,405
Capital acquisition and construction	-	8,573,831	-	-	8,573,831
Assigned for:					
Subsequent year's budget deficit	1,818,934	-	-	-	1,818,934
Unassigned	9,118,604	-	-	-	9,118,604
Total Fund Balances	11,393,511	8,573,831	-	4,141,774	24,109,116
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 29,352,121	\$ 8,582,821	\$ 9,155,052	\$ 7,635,302	\$ 54,725,296

ANDERSON COUNTY, TEXAS

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position

December 31, 2022

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

Total fund balances - governmental funds:		\$ 24,109,116
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	116,832,515	
Less: accumulated depreciation	<u>(75,262,776)</u>	
		41,569,739
An Internal Service Fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.		88,864
Some of the County's revenue will be collected after year-end, but are not available soon enough to pay current year's expenditures and therefore are not reported in the governmental funds.		
Property taxes	764,673	
Court fines	<u>967,204</u>	
		1,731,877
Certain long-term assets and liabilities reported in governmental activities do not require current financial resources and therefore are not reported in the governmental funds balance sheet. A summary of these items are as follows:		
Long-term asset:		
Net pension asset	<u>2,706,728</u>	
		2,706,728
Long-term liabilities:		
Bonds payable	(25,170,000)	
Premium on bond	(2,293,434)	
Notes Payable	(86,478)	
Financing arrangements	(2,484,871)	
Leases	(219,255)	
Net OPEB obligation	(4,256,833)	
Compensated absences	<u>(409,680)</u>	
		(34,920,551)
Certain deferred inflows and deferred outflows of resources are only reported in the government-wide financial statements:		
Deferred outflows of resources:		
Related to pensions	1,472,388	
Related to OPEB	379,698	
Deferred loss on bond refunding	52,697	
Deferred inflows of resources:		
Related to pensions	(7,062,269)	
Related to OPEB	<u>(726,862)</u>	
		(5,884,348)
Interest payable used in County's governmental activities are not payable from current resources and therefore are not reported in governmental funds.		<u>(460,981)</u>
Net position of governmental activities		<u>\$ 28,940,444</u>

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

ANDERSON COUNTY, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Year Ended December 31, 2022

	General	Capital Projects	American Rescue Plan Act Fund	Other Governmental	Total Governmental Funds
Revenues:					
Taxes					
Property	\$ 15,628,297	\$ -	\$ -	\$ 2,935,150	\$ 18,563,447
Sales	4,528,268	-	-	-	4,528,268
Mixed Beverage	56,068	-	-	-	56,068
Hotel Occupancy	-	-	-	204,329	204,329
Intergovernmental	567,722	-	2,077,617	578,047	3,223,386
Fees of Office	2,587,215	-	-	161,685	2,748,900
Fines and Forfeitures	238,769	-	-	327,927	566,696
Investment Earnings	183,998	52,208	-	25,696	261,902
Miscellaneous	137,440	30	-	23,396	160,866
Total Revenues	23,927,777	52,238	2,077,617	4,256,230	30,313,862
Expenditures:					
Current:					
General Government	6,422,665	-	-	188,229	6,610,894
Judicial	3,103,838	-	-	319,014	3,422,852
Public Safety	6,464,296	-	1,823,210	627,277	8,914,783
Social Services	770,269	-	-	11,285	781,554
Roads & Bridges	3,928,929	-	-	640,865	4,569,794
Debt Service:					
Principal	158,591	-	-	1,040,000	1,198,591
Interest and other charges	45,256	-	-	768,350	813,606
Capital Outlay	495,617	808,040	254,407	267,327	1,825,391
Total Expenditures	21,389,461	808,040	2,077,617	3,862,347	28,137,465
Excess (Deficiency) of Revenue over Expenditures	2,538,316	(755,802)	-	393,883	2,176,397
Other Financing Sources (Uses):					
Issuance of notes	-	-	-	86,478	86,478
Sale of capital assets	142,417	-	-	8,001	150,418
Insurance recoveries	107,090	-	-	-	107,090
Transfers In	-	-	-	332,036	332,036
Transfers Out	(332,036)	-	-	-	(332,036)
Total Other Financing Sources (Uses)	(82,529)	-	-	426,515	343,986
Net Change in Fund Balance	2,455,787	(755,802)	-	820,398	2,520,383
Fund Balance at Beginning of Year	8,937,724	9,329,633	-	3,321,376	21,588,733
Fund Balance at End of Year	\$ 11,393,511	\$ 8,573,831	\$ -	\$ 4,141,774	\$ 24,109,116

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

ANDERSON 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 December 31, 2022

Net change in fund balances - total governmental funds:	\$	2,520,383
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Expenditures for capital assets	3,231,139	
Less: current year depreciation	<u>(4,482,849)</u>	(1,251,710)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		
		(133,099)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants		
Property taxes	(97,952)	
Court fines	<u>(76,118)</u>	(174,070)
The issuance of long-term debt (e.g., certificates of obligation, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt is an expenditure in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of long-term liabilities	1,212,195	
Issuance of notes	(86,478)	
Amortization of:		
Deferred loss on bond refunding	(52,696)	
Premium on bond issuance	<u>154,884</u>	1,227,905
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Compensated absences	(103,331)	
OPEB obligation	918,913	
Net pension liability	921,287	
Net OPEB liability	<u>(880,586)</u>	856,283
Accrual interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		
		(165,431)
Internal Service Funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities.		
		<u>156</u>
Change in net position of governmental activities	\$	<u><u>2,880,417</u></u>

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

ANDERSON COUNTY, TEXAS

Statement of Net Position

Proprietary Fund

December 31, 2022

	<u>Governmental Activities - Self-Insurance</u>
Assets	
Cash and Investments	\$ 88,864
Total Assets	<u>88,864</u>
Liabilities	-
Total Liabilities	<u>-</u>
Net Position	
Unrestricted	<u>88,864</u>
Total Net Position	<u><u>\$ 88,864</u></u>

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

ANDERSON COUNTY, TEXAS

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2022

	<u>Governmental Activities - Self-Insurance</u>
Operating Revenues	
Total Operating Revenues	<u>\$ -</u>
Operating Expenses	
Total Operating Expenses	<u>-</u>
Operating Income	-
Non-Operating Revenues (Expenses)	
Interest	<u>156</u>
Total Non-Operating Revenues (Expenses)	<u>156</u>
Change in Net Position	156
Total Net Position, Beginning	<u>88,708</u>
Total Net Position, Ending	<u><u>\$ 88,864</u></u>

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

ANDERSON COUNTY, TEXAS

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	<u>Governmental Activities - Self-Insurance</u>
Cash Flows From Investing Activities	
Net cash provided (used) by investing activities	<u>\$ 156</u>
Net Increase (Decrease) in Cash and Cash Equivalents	156
Cash and Cash Equivalents, Beginning	<u>88,708</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 88,864</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ -</u>
Net cash provided (used) by operating activities	<u><u>\$ -</u></u>

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

ANDERSON COUNTY, TEXAS

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Investment Trust Funds	Custodial Funds
Assets		
Cash and investments	\$ 2,717,226	\$ 1,269,308
Total assets	<u>\$ 2,717,226</u>	<u>\$ 1,269,308</u>
Liabilities		
Due to other entities	\$ -	\$ 1,136,099
Total liabilities	<u>-</u>	<u>1,136,099</u>
Net Position		
Restricted for:		
Individuals, organizations and other governments	2,717,226	133,355
Unrestricted	<u>-</u>	<u>(146)</u>
Total net position	<u>\$ 2,717,226</u>	<u>\$ 133,209</u>

ANDERSON COUNTY, TEXAS

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2022

	Investment Trust Funds	Custodial Funds
Increases:		
Contributions from judgements	\$ 329,985	\$ 2,636
Taxes collected on behalf of taxing entities	-	125,019,686
Bonds received	-	40,218
Clerk fees	-	1,819,889
Deposits held	-	401,657
Interest income	-	3,288
Total Increases	<u>329,985</u>	<u>127,287,374</u>
Decreases:		
Bonds refunded	\$ -	\$ 24,825
Taxes disbursed to taxing entities	-	81,080,261
Collections distributed	-	46,035,954
Commissary purchases	-	21,642
Deposits returned	-	79,610
Miscellaneous	-	10,288
Disbursements to beneficiaries	264,296	-
Total Decreases	<u>264,296</u>	<u>127,252,580</u>
Net increase (decrease) in fiduciary net position	65,689	34,794
Net position - beginning	<u>2,651,537</u>	<u>98,415</u>
Net position - ending	<u>\$ 2,717,226</u>	<u>\$ 133,209</u>

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**NOTES TO
FINANCIAL STATEMENTS**

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ANDERSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to the accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

Anderson County, Texas was created in 1846 with Palestine as the County seat. The County is governed by an elected Commissioners Court consisting of four precinct commissioners and the County Judge. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail, etc.), roads and bridges and social services (e.g., assistance to indigents).

A financial reporting entity consists of the primary government and its component units. Component units are legally separate organization for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the County's operations and so data from these units are combined with data of the County. Each discretely presented component unit on the other hand, is reported in a separate column under component unit on the government-wide financial statements to emphasize that is legally separate from the primary government.

The County had no component units during the fiscal year ended December 31, 2022.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the elimination of interfund services provided and used that would distort the direct costs and program revenues reported from the various functions concerned. *Governmental activities* are supported by taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *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 restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds include Special Revenue and Debt Service Funds. The combined amounts of these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within the combining fund statements.

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*, as are the proprietary fund financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenue to be available if 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 judgements, are recorded only when payment is due.

Taxes, grants, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

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 **Capital Projects Fund** is used to account for the resources used for the construction and acquisition of capital facilities by the County.

The *American Rescue Plan Act Fund* was established to account for funding awarded to assist in preventing, preparing for, and responding to the coronavirus.

Additionally, the County reports the following fund types:

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

The *Debt Service Fund* accounts for the resources accumulated and payment made for principal and interest on general long-term debt associated with the acquisition and/or construction of facilities and equipment for the County.

The *Internal Service Fund*, commonly known as the Self-Insurance Fund, is used to account for insurance coverage and administrative services provided to other departments or agencies of the County. This fund is funded by quasi-exempt transfers from other funds and charges to employees for extended benefits at their option.

The *Investment Trust Funds* are used to report fiduciary activities from individual investment accounts that are held in a trust.

The *Custodial Funds* are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to participants for services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenue and expenses not meeting the definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash 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 bank certificates of deposits, obligations of the United States or its agencies, obligations of the State of Texas, obligations of other political subdivisions having at least an "A" credit rating, commercial paper, repurchase agreements and local government investment pools.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investment in these pools are reported at the net asset value per share (which approximates fair value) even though they are calculated using the amortization cost method.

Time deposits of all funds are stated at cost, which approximates fair value.

All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures, and changes in fund balance.

For purposes of the statement of cash flows, proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Receivables and Payables

Activities 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. Interfund activity reflected in "due to" or "due from" other funds is eliminated in the government-wide statements.

The Anderson County Tax Assessor/Collector collects property taxes for the County. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31st of the following year. Property tax receivables are shown net of an allowance for uncollectible amounts.

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

Reimbursements for services performed are recorded as receivables and revenues when they are earned. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

Prepaid Items

Payments made to vendors for items or services for a future period beyond December 31, are recorded as prepaid items. The County uses the consumption method to account for prepaid items. This means that expenditures are recognized proportionately over the periods that services are provided. The fund balances in the affected funds have been classified as nonspendable for amounts equal to the prepayments since these amounts are not available for appropriation.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than

\$1,000 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 acquisition cost, which is the price to acquire an asset with equivalent service potential at the acquisition date.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Equipment	5-20
Infrastructure (roads and bridges)	20-50

Leases

The County is a lessee for a noncancellable lease of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the County determines (1) the discount rate it used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Pensions

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

Compensated Absences

County employees earn vacation in varying amounts and earn sick leave at the rate of one day per month. Employees earn vacation based on the following table:

<u>Years of Employment</u>	<u>Vacation Days</u>
1-2 years	80 hours per year
3-9 years	96 hours per year
10-19 years	120 hours per year
20+ years	160 hours per year

Vacation leave may not be accrued in excess of the maximum amount of 200 hours. Also, in accordance with the Fair Labor Standards Act as it applies to local governments, non-exempt County employees are granted compensatory time for hours worked beyond their regular working hours. Vacation and compensatory time is paid upon termination

of employment. Accrued sick time is not paid out per the policy of the Commissioners Court.

The County has recognized a liability for accumulated vacation leave where the employees' rights to receive benefits are attributable to services already rendered, and it is probable that the County will compensate the employees through either paid time off or cash payments at termination.

All vacation pay and compensatory time is accrued when incurred in the government-wide financial statements. A liability for these payments is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify reporting in this category:

- *Deferred losses on debt refunding's in the government-wide Statement of Net Position* – A deferred loss on a bond refunding result when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Difference in expected and actual pension and OPEB experience* – This difference is deferred and recognized over the estimated average lives of all members determined as of the measurement date.
- *Changes of economic and demographic actuarial assumptions or of other inputs included in determining the pension and OPEB liabilities* – These effects on the total pension and OPEB liabilities are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).
- *Pension contributions after the measurement date* – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- Property taxes collected before the period for which they were levied.

In addition, the County has deferred inflows of resources which are required to be reported on the Statements of Net Position under the full accrual basis of accounting. Deferred inflows of resources reported in the Statements of Net Position are as follows:

- *Difference in projected and actual earnings on pension assets* – This difference is deferred and amortized over a closed five-year period.

Fund Balance Classification

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

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

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

The County will strive to maintain a minimum unassigned fund balance in its General Fund ranging from 18 to 25% of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts.

If it is determined that the County is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring the fund balance into compliance with this policy through budgetary actions.

Net Position

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

Use of Estimates

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

Change in Accounting Principle

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

2. DETAILED NOTES ON ALL FUNDS

Cash and Investments

As of December 31, 2022, the County had the following investment:

<u>Investment Type</u>	<u>Net Asset Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	<u>\$ 12,341,129</u>	37

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of December 31, 2022, the carrying value of the County's deposit balance was collateralized with securities held by the pledging financial institution or by FDIC insurance.

Credit Risk. It is the County's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. TexPool was rated AAAM by Standard & Poor's Investors Service.

Property Taxes and Other Receivables

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Property taxes are levied by October 1 of the year in which assessed, or as soon thereafter as practicable. Taxes are due and payable, without penalty and interest, from October 1 of the year in which levied on or before January 31 of the following year. Taxes become delinquent February 1 of each year and are subject to simple interest and penalties.

The County's taxes on real property represent a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older who file for deferral or abatement. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title of the property.

Property taxes are collected for the General, Capital Projects, Debt Service, and Farm to Market and Lateral Road funds. This distribution is based on the tax rate established for each fund by order of the Commissioners Court for the tax year for which collections are made.

Receivables as of year-end for the County's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 12,015,315	\$ 4,137	\$ 2,386,137	\$ 14,405,589
Other taxes	1,051,927	-	-	1,051,927
Court fines and fees	6,448,026	-	-	6,448,026
Gross Receivables	<u>19,515,268</u>	<u>4,137</u>	<u>2,386,137</u>	<u>21,905,542</u>
Less: Allowance for uncollectible	<u>(6,081,588)</u>	<u>(207)</u>	<u>(119,307)</u>	<u>(6,201,102)</u>
Net total receivables	<u>\$ 13,433,680</u>	<u>\$ 3,930</u>	<u>\$ 2,266,830</u>	<u>\$ 15,704,440</u>

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,012,111	\$ 57,532	\$ (10,639)	\$ 2,059,004
Construction in progress	272,786	240,450	(71,396)	441,840
Total capital assets, not being depreciated	<u>2,284,897</u>	<u>297,982</u>	<u>(82,035)</u>	<u>2,500,844</u>
Capital assets, being depreciated:				
Roads and bridges	69,732,255	1,661,132	-	71,393,387
Buildings and improvements	25,985,454	314,668	(13,831)	26,286,291
Machinery and equipment	15,978,029	957,357	(965,093)	15,970,293
Right-to-use - equipment	681,700	-	-	681,700
Total capital assets being depreciated	<u>112,377,438</u>	<u>2,933,157</u>	<u>(978,924)</u>	<u>114,331,671</u>
Less accumulated depreciation:				
Road and bridges	48,940,833	2,261,093	-	51,201,926
Buildings and improvements	11,337,762	627,341	(13,831)	11,951,272
Machinery and equipment	10,980,348	1,560,330	(914,029)	11,626,649
Right-to-use - equipment	448,844	34,085	-	482,929
Total accumulated depreciation	<u>71,707,787</u>	<u>4,482,849</u>	<u>(927,860)</u>	<u>75,262,776</u>
Total capital assets, being depreciated, net	<u>40,669,651</u>	<u>(1,549,692)</u>	<u>(51,064)</u>	<u>39,068,895</u>
Governmental activities capital assets, net	<u>\$ 42,954,548</u>	<u>\$ (1,251,710)</u>	<u>\$ (133,099)</u>	<u>\$ 41,569,739</u>

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

Governmental activities:	
General Government	\$ 541,297
Judicial	12,945
Public safety	599,537
Social services	2,297
Roads and bridges	<u>3,326,773</u>
Total depreciation expense - governmental activities	<u>\$ 4,482,849</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2022, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor Governmental	14,685
Capital Projects	General	158,776
Capital Projects	Nonmajor Governmental	<u>99,909</u>
Total due to/from other funds		<u>\$ 273,370</u>

All balances of due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers:

	<u>Tranfers Out:</u> <u>General Fund</u>	<u>Total</u>
Transfers in:		
Other Governmental	<u>332,036</u>	<u>332,036</u>
 Total Transfers	<u>\$ 332,036</u>	<u>\$ 332,036</u>

During the year, transfers were used to move General Fund resources to provide annual subsidies to Grant Funds, Juvenile Probation Fund, and Security Service Fee Fund.

Long-term Debt**General Obligation Bonds**

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities or equipment.

On July 15, 2012, the County issued \$8,660,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,390,000 for the General Obligation Bonds, Series 2005 and \$2,735,000 for the Certificates of Obligations, Series 2003. As of December 31, 2020, the refunded debt has been paid and the County has no defeased debt outstanding.

In February 2017, the County issued \$6,450,000 of unlimited tax road bonds with an interest rate of 4%. These bonds were issued for the construction, maintenance, and operation of roads and turnpikes and professional services. Principal payments begin February 15, 2024 and are payable in annual installments of \$350,000 to \$590,000 through February 15, 2037.

In June 2018, the County issued \$6,635,000 of unlimited tax road bonds with an interest rate of 4%. These bonds were also issued for the construction, maintenance, and operation of roads and turnpikes and professional services. Principal payments begin February 15, 2024 and are payable in annual installments of \$330,000 to \$575,000 through February 15, 2038.

In June 2020, the County issued \$5,130,000 of unlimited tax road bonds with an interest rate of 4%. These bonds were also issued for the construction, maintenance, and operation of roads and turnpikes and professional services. Principal payments begin February 15, 2024 and are payable in annual installments of \$215,000 to \$410,000 through February 15, 2040.

In October 2021, the County issued \$5,885,000 of certificates of obligation with an interest rate of 3%. The certificates of obligation were issued for the renovation and improvement of the Civic Center. Principal payments begin February 15, 2023 and are payable in annual installments of \$235,000 to \$400,000 through February 15, 2042.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

	<u>Interest Rates</u>	<u>Amount</u>
\$8,660,000 General Obligation Refunding Bonds, Series 2012	2.0%-2.5%	\$ 4,125,000
\$6,450,000 Unlimited Tax Road Bonds, Series 2017	4%	6,450,000
\$6,635,000 Unlimited Tax Road Bonds, Series 2018	4%	6,635,000
\$5,130,000 Unlimited Tax Road Bonds, Series 2020	4%	5,130,000
\$5,885,000 Certificates of Obligation, Series 2021	3%	5,885,000

Notes Payable

The County's direct borrowings (notes payable) related to governmental activities are secured with equipment as collateral. In 2022, the County borrowed \$86,478 with the interest rate of 3.50% for the purpose of purchasing Road and Bridge equipment.

Lines of Credit

The County does not have any unused lines of credit.

Annual Debt Service Requirements

Annual debt service requirements to maturity for **General Obligation Bonds** are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,070,000	\$ 741,975
2024	895,000	710,700
2025	935,000	674,100
2026	970,000	636,000
2027	1,005,000	596,500
2028-2032	5,705,000	2,330,100
2033-2037	6,955,000	1,067,900
2038-2040	1,750,000	83,400
Total	<u>\$ 19,285,000</u>	<u>\$ 6,840,675</u>

Annual debt service requirements to maturity for **Certificates of Obligation Bonds** are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ -	\$ 305,039
2024	235,000	173,025
2025	235,000	165,975
2026	245,000	158,775
2027	260,000	151,200
2028-2032	1,390,000	634,350
2033-2037	1,630,000	408,450
2038-2042	1,890,000	145,200
Total	<u>\$ 5,885,000</u>	<u>\$ 2,142,014</u>

Annual debt service requirements to maturity for **Notes Payable** are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 86,478	\$ 86,478
Total	<u>\$ 86,478</u>	<u>\$ 86,478</u>

Annual debt service requirements to maturity for **Financing Arrangements** are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 2,484,871	\$ 37,384
Total	<u>\$ 2,484,871</u>	<u>\$ 37,384</u>

Annual debt service requirements to maturity for **Leases** are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 14,014	\$ 6,386
2024	14,439	5,961
2025	14,879	5,521
2026	15,332	5,068
2027	15,798	4,602
2028-2032	72,015	16,037
2033-2037	69,046	5,954
2038	3,732	18
Total	\$ 219,255	\$ 49,547

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 20,325,000	\$ -	\$ 1,040,000	\$ 19,285,000	\$ 1,070,000
Certificates of obligation bond	5,885,000	-	-	5,885,000	-
Premium on bonds	2,448,318	-	154,884	2,293,434	-
Notes payable	-	86,478	-	86,478	86,478
Financing arrangements	2,643,465	-	158,594	2,484,871	2,484,871
Net OPEB obligation	5,175,746	325,717	1,244,630	4,256,833	-
Net pension liability/asset	5,045,850	5,668,705	13,421,283	(2,706,728)	-
Leases	232,856	-	13,601	219,255	14,014
Compensated absences	306,349	367,619	264,288	409,680	86,478
Total governmental activities	\$ 42,062,584	\$ 6,448,519	\$ 16,297,280	\$ 32,213,823	\$ 3,741,841

The compensated absences, net pension liability, and OPEB liabilities attributable to the governmental activities are primarily liquidated by the General Fund.

Risk Management

The County is a member of the Texas Association of Counties Risk Pool ('Pool'). The Pool was created for the purpose of providing coverage against risks which are inherent in operating a political subdivision. The County pays annual premiums to the Pool for unemployment and workers' compensation coverage. The County's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide coverage through commercial reinsurance contracts. The Pool agrees to handle all unemployment and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the County loss control services to assist the County in following a plan of loss control that may result in reduced losses. The County agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The County also carries commercial insurance on all other risks of loss, including liability, property, and accident insurance.

The County has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool and commercial coverage for any of the past three years.

Defined Benefit Pension Plan

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

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

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

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	210
Inactive employees entitled to but not yet receiving benefits	407
Active employees	<u>252</u>
	<u><u>869</u></u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 13.25% and 13.19% in the calendar years 2021 and 2022 respectively. The County’s contributions to TCDRS for the year ended December 31, 2022, were \$1,472,388, and were equal to the required contributions.

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

Actuarial Assumptions

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

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

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

Depositing Members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing member	Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions that determined the total pension liability as of December 31, 2021, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2020, except for mortality assumptions. Mortality assumptions were updated for the 2021 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 7.6%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumption was changed for purposes of determining plan liabilities in the 2021 actuarial valuation. All plan liabilities are now valued using an 8% discount rate.

Previously, some liabilities were valued using a 7% discount rate and others were valued using a 9% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2022 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2021. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

Asset Class	Benchmark	Target Allocation⁽¹⁾	Geometric Real Rate of Return⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregates 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 ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnership	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI.) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

⁽¹⁾ Target asset allocation adopted at the March 2022 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2020	\$ 55,134,509	\$ 50,088,659	\$ 5,045,850
Changes for the year:			
Service cost	1,436,865	-	1,436,865
Interest on total pension liability ⁽¹⁾	4,191,617	-	4,191,617
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(148,624)	-	(148,624)
Effect of assumptions changes or inputs	(259,807)		(259,807)
Refund of contributions	(144,221)	(144,221)	-
Benefit payments	(2,745,723)	(2,745,723)	-
Administrative expenses	-	(32,553)	32,553
Member contributions	-	726,402	(726,402)
Net investment income	-	10,911,477	(10,911,477)
Employer contributions	-	1,374,973	(1,374,973)
Other ⁽³⁾	-	(7,670)	7,670
Balance at 12/31/2021	\$ 57,464,616	\$ 60,171,344	\$ (2,706,728)

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

⁽²⁾ No plan changes valued.

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

Sensitivity Analysis

The following presents the net pension liability 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-higher (8.60%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 64,627,782	\$ 57,464,616	\$ 51,450,106
Fiduciary net position	60,171,344	60,171,344	60,171,344
Net pension liability / (asset)	\$ 4,456,438	\$ (2,706,728)	\$ (8,721,238)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. The report may be obtained at www.tcdrs.org.

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

For the year ended December 31, 2022, the County recognized pension expense of \$551,102.

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 74,312
Changes of assumptions	-	129,903
Net differences between projected and actual investment earnings	-	6,858,054
Contributions made subsequent to the measurement date	<u>1,472,388</u>	<u>-</u>
Total	<u>\$ 1,472,388</u>	<u>\$ 7,062,269</u>

\$1,472,388 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended December 31,</u>	
2023	(1,690,583)
2024	(2,307,936)
2025	(1,636,618)
2026	(1,427,132)

Postemployment Benefits Other than Pension Benefits (OPEB)

1. Plan Description

The County’s OPEB provides health benefits to eligible retired employees of the County and is a single employer plan administered by the County. Separately issued financial statements are not available for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Anderson County Commissioners Court has the authority to establish and amend the benefits of the plan.

2. Plan Participants

Members are eligible for retirement with TCDRS at age 60 with 8 years of service, or at any age with 20 years of service, or when age plus years of service equals 75.

3. Health Care Benefits Eligibility Conditions

Health insurance benefits are provided to eligible retirees of the County in accordance with policies and procedures approved by Commissioners Court. All employees who were vested prior to January 1, 2019, will have the option of retaining the County’s group health insurance coverage upon their retirement. If they are vested and eligible for retirement with the Texas County and District Retirement System (“TCDRS”) at the time they leave employment, they will be required to make the same employee contribution as is required of active employees with similar dependent elections. Employees who are vested in TCDRS subsequent to December 31, 2018 will have the option of retaining the County’s group health insurance coverage upon their retirement, provided that the retired employee is at least 60 years old. They will be required to make the same employee contributions as is required of active employees with similar dependent elections.

All group insurance will cease when retired employees reach age 65, provided however, that if the retired employee’s spouse has not reached the age of 65 and/or the retired employee’s children have not reached the age of 26, the spouse and/or children will be eligible for group health coverage until they reach the age 65 and 26 respectively. The County, annually, will stipulate the required contribution from the retired employee needed to extend the coverage of their eligible dependents after the retired employee has reached age 65.

4. Employees Covered by Benefits Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	21
Active plan members	172
Total plan members	<u>193</u>

5. Total OPEB Liability

The County's total OPEB liability of \$4,256,833 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumption and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	4.31% as of December 31, 2022
Healthcare Cost Trend Rates	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2021
Demographic Assumptions	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans.
Participation Rates	90% of future retirees who are eligible for a County subsidy were assumed to receive retiree health care benefits through the County. Alternatively, only 10% of retirees who are not eligible for benefits were assumed to elect coverage.

Changes in the Total OPEB Liability

	Total OPEB
Balance as of 01/01/2022	\$ 5,175,746
Service Cost	215,115
Interest on total OPEB Liability	110,602
Differences between expected and actual experience	(149,720)
Changes in assumptions	(747,367)
Benefit payments	(347,543)
Net change in total OPEB Liability	(918,913)
Balance as of 12/31/2022	\$ 4,256,833

Funded Status and Funding Progress

The funding status of the post-employment benefit plan as of the most recent actuarial valuation date is as follows:

Measurement Date	Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Funded Ratio	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
	(a)	(b)	(b) - (a)	(a) / (b)	(c)	(b) - (a) / (c)
12/31/2022	-	4,256,833	4,256,833	0.00%	7,878,060	54.03%

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan’s total OPEB liability, calculated using a discount rate of 2.12%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher.

1% Decrease	Current Discount Rate Assumption	1% Increase
\$3,959,560	\$4,256,833	\$4,581,982

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using the trend rate that is one percent lower or one percent higher.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$3,887,567	\$4,256,833	\$4,685,434

6. Deferred Outflows/(Inflows) Related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 155,043	\$ 121,310
Changes in assumptions	224,655	605,552
Total	<u>\$ 379,698</u>	<u>\$ 726,862</u>

Deferred Outflows/(Inflows) to be Recognized in Future OPEB Expense

Year Ended December 31,	Deferred Outflows/(Inflows)
2023	\$ (16,501)
2024	(16,501)
2025	(97,975)
2026	(170,225)
2027	(45,962)
Total	<u>\$ (347,164)</u>

Commitments and Contingencies

- a. Grants – The County has received Federal and State financial assistance in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of County management, such disallowances, if any, will not be significant to the County’s financial position.

- b. Litigation – The evaluation of County management is that any liability to the County relating to lawsuits will not have a material impact on the County’s financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Total OPEB Liability		
Service cost	\$ 215,115	\$ 215,115
Interest on the total OPEB liability	110,602	110,678
Experience (Gain)/Loss	(149,720)	-
Assumption Changes	(747,367)	-
Benefit payments	<u>(347,543)</u>	<u>(311,229)</u>
Net change in total OPEB liability	(918,913)	14,564
Total OPEB liability - beginning	<u>5,175,746</u>	<u>5,161,182</u>
Total OPEB liability - ending	<u><u>\$ 4,256,833</u></u>	<u><u>\$ 5,175,746</u></u>
Covered Employee Payroll	\$ 7,878,060	\$ 6,479,717
Total OPEB liability as a percentage of covered-employee payroll	54.03%	79.88%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

For the Year Ended December 31, 2022

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 129,979	\$ 129,979	\$ 124,860
176,285	172,026	178,838
343,356	-	-
497,514	-	-
<u>(311,229)</u>	<u>(344,980)</u>	<u>(344,980)</u>
835,905	(42,975)	(41,282)
<u>4,325,277</u>	<u>4,368,252</u>	<u>4,409,534</u>
<u>\$ 5,161,182</u>	<u>\$ 4,325,277</u>	<u>\$ 4,368,252</u>
\$ 6,479,717	\$ 7,119,201	\$ 7,119,201
79.65%	60.76%	61.36%

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended December 31, 2022

	Budget		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 14,843,405	\$ 14,843,405	\$ 15,628,297	\$ 784,892
Sales	2,800,000	2,800,000	4,528,268	1,728,268
Mixed Beverage	30,000	30,000	56,068	26,068
Intergovernmental	462,725	462,725	567,722	104,997
Fees of Office	2,511,900	2,511,900	2,587,215	75,315
Fines and Forfeitures	265,500	265,500	238,769	(26,731)
Investment Earnings	100,000	100,000	183,998	83,998
Miscellaneous	31,000	34,442	137,440	102,998
Total Revenues	<u>21,044,530</u>	<u>21,047,972</u>	<u>23,927,777</u>	<u>2,879,805</u>
Expenditures:				
Current:				
General Government	7,042,090	6,985,440	6,422,665	(562,775)
Judicial	3,348,454	3,436,883	3,103,838	(333,045)
Public Safety	6,774,784	6,724,327	6,464,296	(260,031)
Social Services	882,400	885,692	770,269	(115,423)
Road & Bridge	3,855,954	3,939,285	3,928,929	(10,356)
Debt Service:				
Principal	155,033	158,591	158,591	-
Interest and other charges	48,816	45,258	45,256	(2)
Capital Outlay	540,050	504,863	495,617	(9,246)
Total Expenditures	<u>22,647,581</u>	<u>22,680,339</u>	<u>21,389,461</u>	<u>(1,290,878)</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,603,051)</u>	<u>(1,632,367)</u>	<u>2,538,316</u>	<u>4,170,683</u>
Other Financing Sources (Uses):				
Proceeds from notes/capital leases	-	-	-	-
Sale of capital assets	-	-	142,417	142,417
Insurance recoveries	-	17,073	107,090	90,017
Transfers In	-	-	-	-
Transfers Out	(1,313,458)	(1,338,458)	(332,036)	1,006,422
Total Other Financing Sources (Uses)	<u>(1,313,458)</u>	<u>(1,321,385)</u>	<u>(82,529)</u>	<u>1,238,856</u>
Net Change in Fund Balance	(2,916,509)	(2,953,752)	2,455,787	5,409,539
Fund Balance at Beginning of Year	<u>7,807,352</u>	<u>7,807,352</u>	<u>8,937,724</u>	<u>1,130,372</u>
Fund Balance at End of Year	<u>\$ 4,890,843</u>	<u>\$ 4,853,600</u>	<u>\$ 11,393,511</u>	<u>\$ 6,539,911</u>

The accompanying notes are an integral part of this schedule.

ANDERSON COUNTY, TEXAS

Notes to the Required Supplementary Information

December 31, 2022

Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the following Special Revenue Funds: American Rescue Plan Act Fund, Law Enforcement Grant, Child Welfare Board, District Attorney Hot Checks, District Attorney Apportionment, Help America Vote Act Fund, Jail Commissary, VAWA/VOCA Grant, Texas VINE Grant, Homeland Security Grant, Medical Reserve Grant, Coronavirus Emergency Supplemental Grant, Help America Vote Act Cares Grant, Juvenile Probation State Grants, Law Enforcement Officers Standards and Education, District Attorney Drug Forfeiture, Sheriff Forfeiture (Local), District Forfeiture (Federal). In some instances, the Special Revenue Funds listed in the previous sentence may have budgets required by the grantor agency. Since Commissioners Court is not required to adopt a budget for these funds, there are no budgetary comparison schedules presented. All annual appropriations lapse at fiscal year-end.

Annually all departments of the County submit requests for appropriations to the County Judge, who serves as the Budget Officer. The County Judge reviews the requests, prepares the revenue estimates, and makes his recommendations to the Commissioners Court. Through budget workshops a proposed budget is created, which must be voted on by Commissioners Court and filed with the County Clerk. Within ten calendar days after the preliminary budget is filed, the Commissioners Court holds public hearings and publishes notices based on the timetable required by the state statute. Before September 30, the budget and tax rate are adopted with tax notices mailed on or after October 1.

The appropriated budget is adopted annually by fund, activity, department, and account line item. For management purposes the elected official or department head may request approval from Commissioners Court to move appropriations between category line items.

The County uses two levels to manage capital expenditures. As a rule, all assets under \$1,000 are recorded as expenditures in the supplies line item. Some of the assets are brought over to the capital asset system for tracking insurance purposes but are not depreciated. All capital purchases over \$1,000 are individually identified and brought over to the capital asset system for depreciation and inclusion in capital assets under GASB 34 and their expenditure is charged to the 'capital outlay' line items within the budget.

Encumbrance accounting is utilized by governmental entities. Encumbrances do not constitute expenditures or liabilities because the commitments will be re-appropriated and purchase orders during the subsequent year. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

ANDERSON COUNTY, TEXAS

Notes to the Required Supplementary Information

December 31, 2022

While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

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ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Net Pension Liability/(Asset)
and Related Ratios

Plan Year Ended December 31	2021	2020
Total Pension Liability		
Service Cost	\$ 1,436,865	\$ 1,273,822
Interest total pension liability	4,191,617	4,013,357
Effect of plan changes	-	-
Effect of assumption changes or inputs	(259,807)	2,944,757
Effect of economic/demographic (gains) or losses	(148,624)	39,494
Benefit payments/refunds of contributions	(2,889,944)	(2,767,563)
Net change in total pension liability	2,330,107	5,503,867
Total pension liability - beginning	55,134,509	49,630,642
Total pension liability - ending (a)	<u>\$ 57,464,616</u>	<u>\$ 55,134,509</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 1,374,973	\$ 1,457,301
Member contributions	726,402	760,708
Investment income net of investment expenses	10,911,477	4,744,955
Benefit payments/refunds of contributions	(2,889,944)	(2,767,563)
Administrative expenses	(32,553)	(36,651)
Other	(7,670)	(11,709)
Net change in plan fiduciary net position	10,082,685	4,147,041
Plan fiduciary net position - beginning	50,088,659	45,941,619
Plan fiduciary net position - ending (b)	<u>\$ 60,171,344</u>	<u>\$ 50,088,660</u>
Net pension liability - ending (a) - (b)	<u>\$ (2,706,728)</u>	<u>\$ 5,045,849</u>
Fiduciary net position as a percentage of total pension liability/(asset)	105%	91%
Pensionable covered payroll	\$ 10,377,176	\$ 10,867,260
Net position liability as a percentage of covered payroll	-26%	46%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of December 31, 2022, only 8 years are included and additional years will be added in the future as the information becomes available.

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Net Pension Liability/(Asset)
and Related Ratios

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,208,768	\$ 1,217,743	\$ 1,279,271	\$ 1,268,507
3,803,123	3,576,496	3,430,132	3,197,116
-	379,754	-	-
-	-	213,633	-
188,401	141,310	(621,108)	(16,699)
(2,575,893)	(2,443,593)	(2,423,680)	(2,042,830)
<u>2,624,399</u>	<u>2,871,710</u>	<u>1,878,248</u>	<u>2,406,094</u>
<u>47,006,242</u>	<u>44,134,532</u>	<u>42,256,284</u>	<u>39,850,190</u>
<u>\$ 49,630,642</u>	<u>\$ 47,006,242</u>	<u>\$ 44,134,532</u>	<u>\$ 42,256,284</u>
\$ 1,272,564	\$ 1,199,985	\$ 1,161,607	\$ 1,217,964
704,185	671,460	678,738	694,655
6,572,282	(777,910)	5,345,647	2,536,507
(2,575,893)	(2,443,593)	(2,423,680)	(2,042,830)
(35,009)	(32,142)	(27,541)	(27,691)
(14,025)	(13,263)	(8,941)	(114,307)
<u>5,924,104</u>	<u>(1,395,463)</u>	<u>4,725,830</u>	<u>2,264,297</u>
<u>40,017,515</u>	<u>41,412,977</u>	<u>36,687,147</u>	<u>34,422,851</u>
<u>\$ 45,941,619</u>	<u>\$ 40,017,515</u>	<u>\$ 41,412,977</u>	<u>\$ 36,687,148</u>
<u>\$ 3,689,023</u>	<u>\$ 6,988,727</u>	<u>\$ 2,721,555</u>	<u>\$ 5,569,136</u>
93%	85%	94%	87%
\$ 10,059,783	\$ 9,592,286	\$ 9,696,253	\$ 9,806,496
37%	73%	28%	57%

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios

Plan Year Ended December 31	2015	2014
Total Pension Liability		
Service Cost	\$ 1,179,479	\$ 1,175,228
Interest total pension liability	3,067,562	2,871,273
Effect of plan changes	(180,193)	191,642
Effect of assumption changes or inputs	430,658	-
Effect of economic/demographic (gains) or losses	(798,076)	65,223
Benefit payments/refunds of contributions	(1,999,706)	(1,825,627)
Net change in total pension liability	1,699,724	2,477,739
Total pension liability - beginning	38,150,466	35,672,727
Total pension liability - ending (a)	\$ 39,850,190	\$ 38,150,466
Plan Fiduciary Net Position		
Employer contributions	\$ 1,166,363	\$ 1,066,489
Member contributions	671,196	661,243
Investment income net of investment expenses	240,531	2,237,562
Benefit payments/refunds of contributions	(1,999,706)	(1,825,626)
Administrative expenses	(24,797)	(25,774)
Other	(126,494)	(56,196)
Net change in plan fiduciary net position	(72,907)	2,057,698
Plan fiduciary net position - beginning	34,495,758	32,438,060
Plan fiduciary net position - ending (b)	\$ 34,422,851	\$ 34,495,758
Net pension liability - ending (a) - (b)	\$ 5,427,339	\$ 3,654,708
Fiduciary net position as a percentage of total pension liability/(asset)	86%	90%
Pensionable covered payroll	\$ 9,467,857	\$ 9,446,330
Net position liability/(asset) as a percentage of covered payroll	57%	39%

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Employer Contributions - TCDRS

Last Ten Fiscal Years

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	1,006,591	1,006,591	-	9,277,362	10.8%
2014	1,066,489	1,066,489	-	9,446,330	11.3%
2015	1,166,363	1,166,363	-	9,467,857	12.3%
2016	1,217,964	1,217,964	-	9,806,496	12.4%
2017	1,161,607	1,161,607	-	9,696,253	12.0%
2018	1,199,985	1,199,985	-	9,592,286	12.5%
2019	1,272,564	1,272,564	-	10,059,783	12.7%
2020	1,457,301	1,457,301	-	10,867,260	13.4%
2021	1,374,973	1,374,973	-	10,377,176	13.2%
2022	1,472,388	1,472,388	-	11,162,905	13.2%

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Notes to Schedule of Employer Contributions

For the Year Ended December 31, 2022

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

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.8 years (based on contribution rate calculated in 12/31/21 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that a 2.00% flat COLA was adopted. 2020: No changes in plan provisions were reflected in the schedule. 2021: No changes in plan provisions were reflected in the schedule.

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

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COMBINING FUND STATEMENTS

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Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenue that are legally restricted to expenditure for particular purposes.

Farm-to-Market and Lateral Road Fund – The Farm- to-Market and Lateral Road Fund accounts for all property taxes collected pursuant to Transportation Code 256.054 for construction and maintenance of farm-to-market and lateral roads, for flood control purposes, or for both, as determined by Commissioners Court.

Law Enforcement Grant Fund – The Law Enforcement Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Criminal Justice Division to support law enforcement.

Hotel Occupancy Tax Fund – The Hotel Occupancy Tax Fund was established in September 2021, per the Texas Tax Code 352, to account for the revenue primarily generated from hotel occupancy tax and may be only used to operate and maintain a fairground and repair and renovate a civic center owned by the County.

Court Facility Fund – The Court Facility Fee Fund was established by Section 135.151 of the Local Government Code to be used by the County only to fund the construction, renovation, or improvement of facilities that house the courts or to pay the principal of, interest on, and costs of issuance of bonds, including refunding bonds, issued for the construction, renovation, or improvement of the facilities.

Local Assistance Consistency Fund – The Local Assistance Consistency Fund is a revenue enhancement program that provides additional assistance to eligible revenue sharing counties, for use on any governmental purpose except for lobbying activity.

Language Access Fund – The Language Access Fund was established by fees collected and allocated under section 135.101-103 of the Local Government Code and may be used by a County only to provide language access services for individuals appearing before the court or receiving court services.

Family Protection Fund – Section 51.961 of the Texas Government Code provides for the establishment of a Family Protection Fee. The Family Protection Fund was established to account for these fee revenues and expenditures of those funds providing child abuse and family violence prevention services.

Law Library Fund – The Law Library Fund was created pursuant to Article 1702h, Revised Texas Civil Statutes, for the establishment and maintenance of the County Law Library. Revenues are derived from the law library fees assessed against each civil case filed in the County Court-at-Law and in the Districts Courts, excluding tax suits.

Child Abuse Prevention Fund – The Child Abuse Prevention Fund was established to account for fees collected from defendants convicted of certain child sexual assault and other related convictions. This fund may only be used to fund child abuse prevention programs in the county where the court is located. This fund is administered by the Commissioners Court of the County.

JCT Fee Fund – The JCT Fee Fund is used to account for the court cost known as the “justice court technology fee” which is required of defendants convicted of a misdemeanor offense in a justice court. The fund is used only to finance the purchase and maintenance of technological enhancements for the justice court and the cost of continuing education and training for justice court judges and clerks in regard to those enhancements. This fund is administered by the Commissioners Court of the County.

Child Welfare Board Fund – The Child Welfare Board Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Texas Department of Family and Protective Services.

District Attorney Hot Check Fund – The District Attorney Hot Check Fund was established to account for fees collected by the district attorney for collecting and processing of hot checks. Expenditures from this fund shall be at the sole discretion of the attorney and may be used only to defray the salaries and expenses of the prosecutor’s office, excluding the district attorney’s own salary.

District Attorney Apportionment Fund – The District Attorney Apportionment Fund was established to account for funds received from the state to be used by the district attorney to help defray the salaries and expenses of the office as defined in the General Appropriations Act.

County Clerk Records Archive Fund –The County Clerk Records Archive Fund was established to account for the revenues received for the preservation and restoration services performed by the county clerk in connection with maintaining a county clerk’s records archive on public documents designated by the county clerk as part of the records archive.

District Clerk Records Management & Preservation Fund – The District Clerk Records Management & Preservation Fund was established to account for the revenues received for records management and preservation services performed by the district clerk when a case or document is filed in the records office of the district clerk. The funds may only be used for specific records management and preservation, including automation purposed, and are subject to approval by Commissioners Court of the County.

County Clerk Records Management & Preservation Fund - The County Clerk Records Management & Preservation Fund was established to account for the revenues received for records management and preservation services performed by the county clerk after the filing and recording of a document in the records of the office of the clerk. The funds may only be used for specific records management and preservation, including automation purposes, and are subject to approval by Commissioners Court of the County.

Court Reporter Services Fund – The Court Reporter Services Fund was established to account for “court reporter service” fees collected by court clerks for courts that have an official court reporter. The fund is used to maintain the court reporter that is available for assignment in the court.

Community Development Grant Fund – The Community Development Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Texas Department of Agriculture for the Community Development Block Grant (TxCDBG) to benefit the community of County Road 427 in unincorporated Anderson County.

County Records Management & Preservation Fund – The County Records Management & Preservation Fund was established to account for “court record management & preservation” fees that are collected on all civil cases in a county court, statutory county court, or district court. The funds may only be used to digitize court records and preserve the records from natural disasters. This fund is administered by the Commissioners Court of the County.

Security Service Fee Fund – The Security Service Fee Fund was established to account for “security fees”, which are cost of the court, collected on misdemeanor offenses in a county court, county court-at-law, district court, or justice court. Money deposited into this fund may be used only for security personnel, services, and items related to buildings that house the operations of district, county, or justice courts. This fund is administered by the Commissioners Court of the County.

Justice Court Building Security Fund – The Justice Court Building Security Fund is used to account for a portion of “security fees”, which are costs of the court, collected on misdemeanor offenses in a justice court. This fund may only be used for the purpose of providing security personnel, services, and items for a justice court located in a building that is not the county courthouse. This fund is administered under the direction of the Commissioners County of the County.

Historical Commission Fund – The Historical Commission Fund accounts for funding necessary to conduct the operations of the Anderson County Historical Commission.

Pretrial Diversion Fund – The Pretrial Diversion Fund is used to account for fees collected from defendants who participate in a pretrial intervention program administered by the District Attorney. Funds collected are to be used solely to administer the pretrial intervention program and any expenditure may only be made in accordance with a budget approved by the Commissioners Court of the County.

Elections Service Contract – The Elections Service Contract Fund is used to defray expenses of the county elections officer in connection with election-related duties or functions.

County & District Court Technology Fund – The County & District Court Technology Fund is used to account for the court cost known as the “county and district court technology fee” which is required of defendants convicted of a criminal offense in a county court, statutory county court, or district court. The fund is used only to finance the purchase and maintenance of technological enhancements for a county court, statutory court, or district court and the cost of continuing education and training regarding those enhancements. This fund is administered by the Commissioners Court of the County.

Court Records Preservation Fund – The Court Records Preservation Fund was established to account for “court record preservation” fees that are collected on all civil cases filed in a county court, statutory court, or district court. The funds may only be used to digitize court records and preserve the records from natural disasters.

District Clerk Technology Fund – The District Clerk Technology Fund was established to account for optional district court records archive fee for filing of a suit, including appeal from inferior court, or cross-action, counterclaim, intervention, contempt action, motion for new trail, or third-party petition in any court in the county for which the district court accepts filings.

Child Safety Fund – The Child Safety Fund is used to fund programs the county is authorized by law to provide which are designed to enhance child safety, health, or nutrition, including child abuse prevention and intervention and drug and alcohol abuse prevention; provide funding to the sheriff's department for school-related activities; provide funding to the county juvenile probation department; or to the general fund of the county.

HAVA Grant Fund – The HAVA Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Secretary of the State in accordance with the Help America Vote Act.

Jail Commissary Fund – The Jail Commissary Fund is used to account for revenues generated by the sale of personal items to jail inmates and the expenditure of those funds for the benefit of the inmates as required by State law.

VAWA/VOCA Grant Fund – The VAWA/VOCA Grand Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Criminal Justice Division in accordance with the Violence Against Women Act and the Victim of Crime Act. The funds are used to provide funding for Case Manager positions and Victims Assistance Coordinator positions in the prosecutor's office and Crime Victim Liaisons in law enforcement agencies.

Texas VINE Grant Fund – The Texas VINE Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Criminal Justice Department. The funds are used to implement an automated method of providing victims with access to information and notification about changes in offender status and court events.

Indigent Defense Grant Fund – The Indigent Defense Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the county by the Texas Indigent Defense Commission.

Homeland Security Grant Fund – The Homeland Security Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the county by the US Department of Homeland Security. These funds are to be used to prevent, protect, against, respond to, and recover from acts of terrorism and other catastrophic events.

NACCHO Grant Fund – The NACCHO Grant Fund is used to account for the “National Association of County and City Health Officials” to provide public health emergency health preparedness.

Guardianship Fund – The Guardianship Fund accounts for the fees collected pursuant to the Local Government Code 118.067 whereby the clerk of the court collects a fee on certain probate court actions involving guardianships and is to provide supplemental funding for court appointed guardian's ad litem and court appointed attorneys as litem and to fund guardianship programs for indigent incapacitated individuals.

Emergency Communication Fund – The Emergency Communication Fund is used to account for the funds received by the state to establish and operate a public safety answering point for emergency communications.

Medical Reserve Grant Fund – The Medical Reserve Grant fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Department of State Health Services.

Coronavirus Emergency Supplemental Fund - The Coronavirus Emergency Supplemental Fund was established to account for funding awarded to assist in preventing, preparing for, and responding to the coronavirus.

Juvenile Probation Fund – The Juvenile Probation Fund consists of State Grant Funds and Local Funds. The Juvenile Probation State Grants Fund was established in compliance with the Human Resources Code Section 75.067. Juvenile Probation assistance is provided by the State and administered by the Juvenile Board having the jurisdiction in the County. The Juvenile Board consists of the District Judges, the County Judge, and the County Court-at-Law Judge. Revenues of the Juvenile Probation Fund are derived primarily from funds supplied by the State. Expenditures are for salaries of probation officers and clerical staff, supplies, communications, travel and transportation expenses, and certain other operation items required for supervision of probationers. The Juvenile Probation Local Fund is used to account for juvenile detention and juvenile probation expenditures that are not funded through grants. The budget for the fund is adopted by the Juvenile Board. The primary financing source for this fund is a transfer from the General Fund.

LEOSE Fund – The LEOSE Fund is used to account for a fee known as “law enforcement officer standards and education fund” collected on criminal cases. The expenditures from this fund are to be used only for education and training of the County’s law enforcement personnel.

DA Drug Forfeiture Fund – The District Attorney Forfeiture Fund is used to account for resources to the County pursuant to Chapter 59 of the Code of Criminal Procedures and for the expenditures of such funds for the authorized purposes.

Sheriff Forfeiture (Local) Fund – The Sheriff Forfeiture Fund is used to account for resources to the County pursuant to Chapter 59 of the Code of Criminal Procedures and for the expenditures of such funds for the authorized purposes.

DA Forfeiture (Federal) Fund – The District Attorney Forfeiture Fund is used to account for resources to the County and for the expenditures of such funds for the authorized purposes.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Interest & Sinking Fund –The Interest and Sinking Fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal, interest, and related costs on general long-term debt.

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

	Special Revenue				
	Farm to Market and Lateral Road Fund	Law Enforcement Grant Fund	Hotel Occupancy Tax Fund	Court Facility Fund	Local Assistance Consistency Fund
Assets:					
Cash and Investments	\$ 462,672	\$ 25,000	\$ 243,959	\$ 18,796	\$ 50,000
Receivables (net of allowances for estimated uncollectible):					
Property Taxes	531,920	-	-	-	-
Due from Other Governments	-	25,000	-	-	-
Due from Other Entities	-	-	16,519	-	-
Total Assets	<u>\$ 994,592</u>	<u>\$ 50,000</u>	<u>\$ 260,478</u>	<u>\$ 18,796</u>	<u>\$ 50,000</u>
Liabilities:					
Accounts Payable	\$ -	\$ 50,000	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	99,910	-	-	-	-
Due to Other Governments	-	-	-	-	-
Unearned Revenue	-	-	-	-	50,000
Total Liabilities	<u>99,910</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Deferred Inflows of Resources:					
Advanced property tax collections	215,225	-	-	-	-
Unavailable Revenue - property taxes	529,997	-	-	-	-
Total Deferred Inflows of Resources	<u>745,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted for:					
General Government	-	-	260,478	18,796	-
Judicial	-	-	-	-	-
Public Safety	-	-	-	-	-
Social Services	-	-	-	-	-
Road & Bridge	149,460	-	-	-	-
Debt Service	-	-	-	-	-
Total Fund Balances	<u>149,460</u>	<u>-</u>	<u>260,478</u>	<u>18,796</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 994,592</u>	<u>\$ 50,000</u>	<u>\$ 260,478</u>	<u>\$ 18,796</u>	<u>\$ 50,000</u>

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

Special Revenue						
Language Access Fund	Family Protection Fund	Law Library Fund	Child Abuse Prevention Fund	JCT Fee Fund	Child Welfare Board Fund	
\$ 4,587	\$ 9,212	\$ 58,631	\$ 8,903	\$ 47,914	\$ 55,570	
-	-	-	-	-	-	-
-	-	-	-	-	1,196	-
\$ 4,587	\$ 9,212	\$ 58,631	\$ 8,903	\$ 47,914	\$ 56,766	
\$ -	\$ -	\$ 1,984	\$ -	\$ 38	\$ -	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,984	-	38	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,587	-	56,647	-	47,876	-	-
-	9,212	-	8,903	-	-	-
-	-	-	-	-	-	56,766
-	-	-	-	-	-	-
4,587	9,212	56,647	8,903	47,876	56,766	
\$ 4,587	\$ 9,212	\$ 58,631	\$ 8,903	\$ 47,914	\$ 56,766	

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

	Special Revenue				
	District Attorney Hot Check Fund	District Attorney Apportionment Fund	County Clerk Records Archive Fund	District Clerk Records Management & Preservation Fund	County Clerk Records Management & Preservation Fund
Assets:					
Cash and Investments	\$ 629	\$ 8,748	\$ 50,964	\$ 9,965	\$ 69,034
Receivables (net of allowances for estimated uncollectible):					
Property Taxes	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Entities	-	200	-	-	-
Total Assets	<u>\$ 629</u>	<u>\$ 8,948</u>	<u>\$ 50,964</u>	<u>\$ 9,965</u>	<u>\$ 69,034</u>
Liabilities:					
Accounts Payable	\$ -	\$ 360	\$ 10	\$ -	\$ 10,822
Accrued Liabilities	-	109	1,609	-	148
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>469</u>	<u>1,619</u>	<u>-</u>	<u>10,970</u>
Deferred Inflows of Resources:					
Advanced property tax collections	-	-	-	-	-
Unavailable Revenue - property taxes	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted for:					
General Government	-	-	49,345	9,965	58,064
Judicial	629	8,479	-	-	-
Public Safety	-	-	-	-	-
Social Services	-	-	-	-	-
Road & Bridge	-	-	-	-	-
Debt Service	-	-	-	-	-
Total Fund Balances	<u>629</u>	<u>8,479</u>	<u>49,345</u>	<u>9,965</u>	<u>58,064</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 629</u>	<u>\$ 8,948</u>	<u>\$ 50,964</u>	<u>\$ 9,965</u>	<u>\$ 69,034</u>

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

Special Revenue						
Court Reporter Services Fund	Community Development Grant Fund	County Records Management & Preservation Fund	Security Service Fee Fund	Justice Court Building Security Fund	Historical Commission Fund	
\$ 17,150	\$ 7,950	\$ 66,628	\$ 59,251	\$ 32,056	\$ 530	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 17,150	\$ 7,950	\$ 66,628	\$ 59,251	\$ 32,056	\$ 530	
\$ -	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ -
-	-	-	1,356	-	-	-
-	-	-	-	-	-	-
-	7,950	-	-	-	-	-
-	7,950	-	1,366	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	66,628	-	-	-	-
17,150	-	-	-	32,056	-	-
-	-	-	57,885	-	-	-
-	-	-	-	-	-	530
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,150	-	66,628	57,885	32,056	-	530
\$ 17,150	\$ 7,950	\$ 66,628	\$ 59,251	\$ 32,056	\$ 530	

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

	Special Revenue				
	Pre-Trial Diversion Fund	Elections Service Contract	County & District Court Technology Fund	Court Records Preservation Fund	District Clerk Technology Fund
Assets:					
Cash and Investments	\$ 4,832	\$ 3,877	\$ 5,777	\$ 41,651	\$ 63,023
Receivables (net of allowances for estimated uncollectible):					
Property Taxes	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Entities	1,550	-	-	-	-
Total Assets	\$ 6,382	\$ 3,877	\$ 5,777	\$ 41,651	\$ 63,023
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Deferred Inflows of Resources:					
Advanced property tax collections	-	-	-	-	-
Unavailable Revenue - property taxes	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Restricted for:					
General Government	-	3,877	-	41,651	-
Judicial	6,382	-	5,777	-	63,023
Public Safety	-	-	-	-	-
Social Services	-	-	-	-	-
Road & Bridge	-	-	-	-	-
Debt Service	-	-	-	-	-
Total Fund Balances	6,382	3,877	5,777	41,651	63,023
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 6,382	\$ 3,877	\$ 5,777	\$ 41,651	\$ 63,023

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

Special Revenue

Child Safety Fund	HAVA Grant Fund	Jail Commissary Fund	VAWA/VOCA Grant Fund	Texas VINE Grant Fund	Indigent Defense Grant Fund
\$ 41,745	\$ 8,375	\$ 41,556	\$ -	\$ -	\$ 201,236
-	-	-	-	-	-
-	-	-	41,452	-	-
-	-	-	-	-	-
<u>\$ 41,745</u>	<u>\$ 8,375</u>	<u>\$ 41,556</u>	<u>\$ 41,452</u>	<u>\$ -</u>	<u>\$ 201,236</u>
\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -
-	-	-	3,435	-	-
-	-	-	14,684	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	18,169	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	8,375	-	-	-	-
-	-	-	23,283	-	201,236
41,745	-	41,556	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>41,745</u>	<u>8,375</u>	<u>41,556</u>	<u>23,283</u>	<u>-</u>	<u>201,236</u>
<u>\$ 41,745</u>	<u>\$ 8,375</u>	<u>\$ 41,556</u>	<u>\$ 41,452</u>	<u>\$ -</u>	<u>\$ 201,236</u>

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

	Special Revenue					
	Homeland Security Grant Fund	NACCHO Grant Fund	Guardianship Fund	Emergency Communication Fund	Medical Reserve Grant Fund	Coronavirus Emergency Supplement Fund
Assets:						
Cash and Investments	\$ -	\$ -	\$ 58,939	\$ 398,380	\$ 17,500	\$ 7,227
Receivables (net of allowances for estimated uncollectible):						
Property Taxes	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Due from Other Entities	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ 58,939	\$ 398,380	\$ 17,500	\$ 7,227
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	7,227
Unearned Revenue	-	-	-	-	17,500	-
Total Liabilities	-	-	-	-	17,500	7,227
Deferred Inflows of Resources:						
Advanced property tax collections	-	-	-	-	-	-
Unavailable Revenue - property taxes	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances:						
Restricted for:						
General Government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public Safety	-	-	-	398,380	-	-
Social Services	-	-	58,939	-	-	-
Road & Bridge	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total Fund Balances	-	-	58,939	398,380	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ -	\$ -	\$ 58,939	\$ 398,380	\$ 17,500	\$ 7,227

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

Special Revenue					Debt Service		Total Nonmajor Governmental Funds
Juvenile Probation Fund	LEOSE Fund	DA Drug Forfeiture Fund	Sheriff Forfeiture (Local) Fund	DA Forfeiture (Federal) Fund	Interest & Sinking Fund		
\$ 689,844	\$ -	\$ 180,607	\$ 31,487	\$ 24,966	\$ 2,153,384	\$ 5,282,555	
-	-	-	-	-	1,734,910	2,266,830	
-	-	-	-	-	-	67,648	
-	-	-	-	-	-	18,269	
<u>\$ 689,844</u>	<u>\$ -</u>	<u>\$ 180,607</u>	<u>\$ 31,487</u>	<u>\$ 24,966</u>	<u>\$ 3,888,294</u>	<u>\$ 7,635,302</u>	
\$ 40	\$ -	\$ 201	\$ -	\$ -	\$ -	\$ 63,515	
5,480	-	1,494	-	-	-	13,631	
-	-	-	-	-	-	114,594	
-	-	-	-	-	-	7,227	
-	-	-	-	-	-	75,450	
<u>5,520</u>	<u>-</u>	<u>1,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,417</u>	
-	-	-	-	-	744,390	959,615	
-	-	-	-	-	1,729,499	2,259,496	
-	-	-	-	-	2,473,889	3,219,111	
-	-	-	-	-	-	517,179	
-	-	178,912	-	-	-	646,037	
684,324	-	-	31,487	24,966	-	1,298,458	
-	-	-	-	-	-	116,235	
-	-	-	-	-	-	149,460	
-	-	-	-	-	1,414,405	1,414,405	
<u>684,324</u>	<u>-</u>	<u>178,912</u>	<u>31,487</u>	<u>24,966</u>	<u>1,414,405</u>	<u>4,141,774</u>	
<u>\$ 689,844</u>	<u>\$ -</u>	<u>\$ 180,607</u>	<u>\$ 31,487</u>	<u>\$ 24,966</u>	<u>\$ 3,888,294</u>	<u>\$ 7,635,302</u>	

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

	Special Revenue				
	Farm to Market and Lateral Roads Fund	Law Enforcement Grant Fund	Hotel Occupancy Tax Fund	Court Facility Fund	Local Assistance Consistency Fund
Revenues:					
Taxes					
Property	\$ 709,293	\$ -	\$ -	\$ -	-
Hotel Occupancy	-	-	204,329	-	-
Intergovernmental	-	49,954	-	-	-
Fees of Office	-	-	-	18,796	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	1,968	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>711,261</u>	<u>49,954</u>	<u>204,329</u>	<u>18,796</u>	<u>-</u>
Expenditures:					
Current:					
General Government	-	-	-	-	-
Judicial	-	-	-	-	-
Public Safety	-	-	-	-	-
Social Services	-	-	-	-	-
Road & Bridge	640,865	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital Outlay	172,955	74,954	-	-	-
Total Expenditures	<u>813,820</u>	<u>74,954</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(102,559)</u>	<u>(25,000)</u>	<u>204,329</u>	<u>18,796</u>	<u>-</u>
Other Financing Sources (Uses):					
Proceeds from notes/capital lease	86,478	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers In	-	25,000	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>86,478</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(16,081)	-	204,329	18,796	-
Fund Balance at Beginning of Year	<u>165,541</u>	<u>-</u>	<u>56,149</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 149,460</u>	<u>\$ -</u>	<u>\$ 260,478</u>	<u>\$ 18,796</u>	<u>\$ -</u>

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

Special Revenue						
Language Access Fund	Family Protection Fund	Law Library Fund	Child Abuse Prevention Fund	JCT Fee Fund	Child Welfare Board Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-
4,587	16	-	585	-	-	1,196
-	-	34,282	-	6,969	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,048
<u>4,587</u>	<u>16</u>	<u>34,282</u>	<u>585</u>	<u>6,969</u>		<u>2,244</u>
-	-	-	-	-	-	-
-	-	23,676	-	5,259	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	11,260
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>23,676</u>	<u>-</u>	<u>5,259</u>		<u>11,260</u>
<u>4,587</u>	<u>16</u>	<u>10,606</u>	<u>585</u>	<u>1,710</u>		<u>(9,016)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,587</u>	<u>16</u>	<u>10,606</u>	<u>585</u>	<u>1,710</u>		<u>(9,016)</u>
<u>-</u>	<u>9,196</u>	<u>46,041</u>	<u>8,318</u>	<u>46,166</u>		<u>65,782</u>
<u>\$ 4,587</u>	<u>\$ 9,212</u>	<u>\$ 56,647</u>	<u>\$ 8,903</u>	<u>\$ 47,876</u>		<u>\$ 56,766</u>

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

	Special Revenue				
	District Attorney Hot Check Fund	District Attorney Apportionment Fund	County Clerk Records Archive Fund	District Clerk Records Management & Preservation Fund	County Clerk Records Management & Preservation Fund
Revenues:					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy	-	-	-	-	-
Intergovernmental	-	22,500	-	-	-
Fees of Office	1,658	-	-	-	-
Fines and Forfeitures	-	-	85,720	4,480	89,796
Investment Earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>1,658</u>	<u>22,500</u>	<u>85,720</u>	<u>4,480</u>	<u>89,796</u>
Expenditures:					
Current:					
General Government	-	-	66,110	2,849	116,546
Judicial	-	22,694	-	-	-
Public Safety	-	-	-	-	-
Social Services	-	-	-	-	-
Road & Bridge	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>22,694</u>	<u>66,110</u>	<u>2,849</u>	<u>116,546</u>
Excess (Deficiency) of Revenue over Expenditures	<u>1,658</u>	<u>(194)</u>	<u>19,610</u>	<u>1,631</u>	<u>(26,750)</u>
Other Financing Sources (Uses):					
Proceeds from notes/capital lease	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,658	(194)	19,610	1,631	(26,750)
Fund Balance at Beginning of Year	<u>(1,029)</u>	<u>8,673</u>	<u>29,735</u>	<u>8,334</u>	<u>84,814</u>
Fund Balance at End of Year	<u>\$ 629</u>	<u>\$ 8,479</u>	<u>\$ 49,345</u>	<u>\$ 9,965</u>	<u>\$ 58,064</u>

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

Special Revenue						
Court Reporter Services Fund	Community Development Grant Fund	County Records Management & Preservation Fund	Security Service Fee Fund	Justice Court Building Security Fund	Historical Commission Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24,497	-	30,045	38,034	263	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>24,497</u>	<u>-</u>	<u>30,045</u>	<u>38,034</u>	<u>263</u>	<u>-</u>	<u>-</u>
-	-	2,591	-	-	-	-
11,498	-	-	-	-	-	-
-	-	-	59,943	-	-	-
-	-	-	-	-	-	25
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,498</u>	<u>-</u>	<u>2,591</u>	<u>59,943</u>	<u>-</u>	<u>-</u>	<u>25</u>
12,999	-	27,454	(21,909)	263	(25)	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	45,000	-	-	-
-	-	-	-	-	-	-
-	-	-	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,999	-	27,454	23,091	263	(25)	
4,151	-	39,174	34,794	31,793	555	
<u>\$ 17,150</u>	<u>\$ -</u>	<u>\$ 66,628</u>	<u>\$ 57,885</u>	<u>\$ 32,056</u>	<u>\$ 530</u>	

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

	Special Revenue				
	Pre-Trial Diversion Fund	Elections Service Contract	County & District Court Technology Fund	Court Records Preservation Fund	District Clerk Technology Fund
Revenues:					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fees of Office	-	4,010	-	-	-
Fines and Forfeitures	-	-	1,389	1,433	1,329
Investment Earnings	-	-	-	-	-
Miscellaneous	21,750	-	-	-	-
Total Revenues	21,750	4,010	1,389	1,433	1,329
Expenditures:					
Current:					
General Government	-	133	-	-	-
Judicial	45,010	-	260	-	-
Public Safety	-	-	-	-	-
Social Services	-	-	-	-	-
Road & Bridge	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	45,010	133	260	-	-
Excess (Deficiency) of Revenue over Expenditures	(23,260)	3,877	1,129	1,433	1,329
Other Financing Sources (Uses):					
Proceeds from notes/capital lease	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	(23,260)	3,877	1,129	1,433	1,329
Fund Balance at Beginning of Year	29,642	-	4,648	40,218	61,694
Fund Balance at End of Year	\$ 6,382	\$ 3,877	\$ 5,777	\$ 41,651	\$ 63,023

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

Special Revenue					
Child Safety Fund	HAVA Grant Fund	Jail Commissary Fund	VAWA/VOCA Grant Fund	Texas VINE Grant Fund	Indigent Defense Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
36,827	-	87,445	134,890	12,049	-
-	-	-	-	-	-
-	-	68	-	-	-
-	-	-	-	-	-
<u>36,827</u>	<u>-</u>	<u>87,513</u>	<u>134,890</u>	<u>12,049</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	168,814	-	-
16,909	-	45,957	-	12,049	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,909</u>	<u>-</u>	<u>45,957</u>	<u>168,814</u>	<u>12,049</u>	<u>-</u>
19,918	-	41,556	(33,924)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	31,986	-	-
-	-	-	-	-	-
-	-	-	<u>31,986</u>	-	-
19,918	-	41,556	(1,938)	-	-
<u>21,827</u>	<u>8,375</u>	<u>-</u>	<u>25,221</u>	<u>-</u>	<u>201,236</u>
<u>\$ 41,745</u>	<u>\$ 8,375</u>	<u>\$ 41,556</u>	<u>\$ 23,283</u>	<u>\$ -</u>	<u>\$ 201,236</u>

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

	Special Revenue					
	Homeland Security Grant Fund	NACCHO Grant Fund	Guardianship Fund	Emergency Communication Fund	Medical Reserve Grant Fund	Coronavirus Emergency Supplement Fund
Revenues:						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy	-	-	-	-	-	-
Intergovernmental	19,368	-	-	-	-	-
Fees of Office	-	-	-	-	-	-
Fines and Forfeitures	-	-	4,819	-	-	-
Investment Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>19,368</u>	<u>-</u>	<u>4,819</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Current:						
General Government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public Safety	-	1,616	-	-	-	-
Social Services	-	-	-	-	-	-
Road & Bridge	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital Outlay	19,418	-	-	-	-	-
Total Expenditures	<u>19,418</u>	<u>1,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(50)</u>	<u>(1,616)</u>	<u>4,819</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):						
Proceeds from notes/capital lease	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers In	50	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(1,616)	4,819	-	-	-
Fund Balance at Beginning of Year	-	1,616	54,120	398,380	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,939</u>	<u>\$ 398,380</u>	<u>\$ -</u>	<u>\$ -</u>

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

Special Revenue					Debt Service		Total Nonmajor Governmental Funds
Juvenile Probation Fund	LEOSE Fund	DA Drug Forfeiture Fund	Sheriff Forfeiture (Local) Fund	DA Forfeiture (Federal) Fund	Interest & Sinking Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,225,857	\$ 2,935,150	
-	-	-	-	-	-	204,329	
338,090	-	-	-	-	-	578,047	
7,761	-	-	-	-	-	161,685	
-	-	4,871	-	-	-	327,927	
-	-	667	81	3,018	19,894	25,696	
-	598	-	-	-	-	23,396	
<u>345,851</u>	<u>598</u>	<u>5,538</u>	<u>81</u>	<u>3,018</u>	<u>2,245,751</u>	<u>4,256,230</u>	
-	-	-	-	-	-	188,229	
-	598	41,205	-	-	-	319,014	
490,803	-	-	-	-	-	627,277	
-	-	-	-	-	-	11,285	
-	-	-	-	-	-	640,865	
-	-	-	-	-	1,040,000	1,040,000	
-	-	-	-	-	768,350	768,350	
-	-	-	-	-	-	267,327	
<u>490,803</u>	<u>598</u>	<u>41,205</u>	<u>-</u>	<u>-</u>	<u>1,808,350</u>	<u>3,862,347</u>	
(144,952)	-	(35,667)	81	3,018	437,401	393,883	
-	-	-	-	-	-	86,478	
-	-	-	8,001	-	-	8,001	
230,000	-	-	-	-	-	332,036	
-	-	-	-	-	-	-	
<u>230,000</u>	<u>-</u>	<u>-</u>	<u>8,001</u>	<u>-</u>	<u>-</u>	<u>426,515</u>	
85,048	-	(35,667)	8,082	3,018	437,401	820,398	
<u>599,276</u>	<u>-</u>	<u>214,579</u>	<u>23,405</u>	<u>21,948</u>	<u>977,004</u>	<u>3,321,376</u>	
<u>\$ 684,324</u>	<u>\$ -</u>	<u>\$ 178,912</u>	<u>\$ 31,487</u>	<u>\$ 24,966</u>	<u>\$ 1,414,405</u>	<u>\$ 4,141,774</u>	

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FIDUCIARY FUNDS

ANDERSON COUNTY, TEXAS

Combining Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Investment Trust Funds			Custodial Funds		
	County Clerk Trust	District Clerk Trust	Total Investment Trust Funds	Tax Assessor Collector	County Clerk	District Clerk
Assets						
Cash and investments	\$ 703,917	\$ 2,013,309	\$ 2,717,226	\$ 944,482	\$ 84,230	\$ 107,241
Total assets	<u>\$ 703,917</u>	<u>\$ 2,013,309</u>	<u>\$ 2,717,226</u>	<u>\$ 944,482</u>	<u>\$ 84,230</u>	<u>\$ 107,241</u>
Liabilities						
Due to other entities	\$ -	\$ -	\$ -	\$ 944,482	\$ 84,230	\$ 107,241
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>944,482</u>	<u>84,230</u>	<u>107,241</u>
Net Position						
Restricted for:						
Individuals, organizations and other governments	703,917	2,013,309	2,717,226	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 703,917</u>	<u>\$ 2,013,309</u>	<u>\$ 2,717,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ANDERSON COUNTY, TEXAS

Combining Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

Custodial Funds						Total Custodial Funds	Total Fiduciary Funds
Sheriff	Criminal District Attorney	Constable	Chapter 19	Total Custodial Funds	Total Fiduciary Funds		
\$ 120,869	\$ -	\$ 11,351	\$ 1,135	\$ 1,269,308	\$ 3,986,534		
\$ 120,869	\$ -	\$ 11,351	\$ 1,135	\$ 1,269,308	\$ 3,986,534		
\$ -	\$ 146	\$ -	\$ -	\$ 1,136,099	\$ 1,136,099		
-	146	-	-	1,136,099	1,136,099		
120,869	-	11,351	1,135	133,355	2,850,581		
-	(146)	-	-	(146)	(146)		
\$ 120,869	\$ (146)	\$ 11,351	\$ 1,135	\$ 133,209	\$ 2,850,435		

ANDERSON COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2022

	Investment Trust Funds			Custodial Funds		
	County Clerk Trust	District Clerk Trust	Total Investment Trust Funds	Tax Assessor Collector	County Clerk	District Clerk
Increases:						
Contributions from judgements	\$ 142,025	\$ 187,960	\$ 329,985	\$ -	\$ -	\$ -
Taxes collected on behalf of taxing entities	-	-	-	125,019,686	-	-
Bonds received	-	-	-	-	16,968	23,250
Clerk fees	-	-	-	-	1,119,526	700,363
Deposits held	-	-	-	-	-	-
Interest income	-	-	-	2,828	160	94
Total Increases	142,025	187,960	329,985	125,022,514	1,136,654	723,707
Decreases:						
Bonds refunded	\$ -	\$ -	\$ -	\$ -	\$ 2,325	\$ 22,500
Taxes disbursed to taxing entities	-	-	-	81,080,261	-	-
Collections distributed	-	-	-	43,941,653	1,134,329	701,207
Commissary purchases	-	-	-	-	-	-
Deposits returned	-	-	-	-	-	-
Miscellaneous	-	-	-	600	-	-
Disbursements to beneficiaries	36,970	227,326	264,296	-	-	-
Total Decreases	36,970	227,326	264,296	125,022,514	1,136,654	723,707
Net increase (decrease) in fiduciary net position	105,055	(39,366)	65,689	-	-	-
Net position - beginning	598,862	2,052,675	2,651,537	-	-	-
Net position - ending	\$ 703,917	\$ 2,013,309	\$ 2,717,226	\$ -	\$ -	\$ -

ANDERSON COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2022

Custodial Funds							
Sheriff	Criminal District Attorney	Constable	Chapter 19	Total Custodial Funds	Total Fiduciary Funds		
\$ -	\$ 2,636	\$ -	\$ -	\$ 2,636	\$ 332,621		
-	-	-	-	125,019,686	125,019,686		
-	-	-	-	40,218	40,218		
-	-	-	-	1,819,889	1,819,889		
391,595	-	1,684	8,378	401,657	401,657		
109	92	-	5	3,288	3,288		
<u>391,704</u>	<u>2,728</u>	<u>1,684</u>	<u>8,383</u>	<u>127,287,374</u>	<u>127,617,359</u>		
\$ -	\$ -	\$ -	\$ -	\$ 24,825	\$ 24,825		
-	-	-	-	81,080,261	81,080,261		
258,765	-	-	-	46,035,954	46,035,954		
21,642	-	-	-	21,642	21,642		
79,610	-	-	-	79,610	79,610		
500	-	807	8,381	10,288	10,288		
-	-	-	-	-	264,296		
<u>360,517</u>	<u>-</u>	<u>807</u>	<u>8,381</u>	<u>127,252,580</u>	<u>127,516,876</u>		
31,187	2,728	877	2	34,794	100,483		
89,682	(2,874)	10,474	1,133	98,415	2,749,952		
<u>\$ 120,869</u>	<u>\$ (146)</u>	<u>\$ 11,351</u>	<u>\$ 1,135</u>	<u>\$ 133,209</u>	<u>\$ 2,850,435</u>		

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ANDERSON COUNTY, TEXAS

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**



ANDERSON COUNTY, TEXAS

SINGLE AUDIT REPORT

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DECEMBER 31, 2022

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

Honorable County Judge
and County Commissioners
Anderson County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Texas (“the County”), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
September 26, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable County Judge
and County Commissioners
Anderson County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Anderson County's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Texas, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 26, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Waco, Texas
September 26, 2023

ANDERSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Pass-through Grantor's Number	Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS				
<u>U.S. Department of Justice</u>				
Passed through the Office of the Governor - Criminal Justice Division:				
Violence Against Women Act Court Training and Improvement (VAWA)	15JOVW-22-GG-00453-STOP	16.588	\$ 31,277	-
Edward Byrne Memorial Justice Assistance Grant Program	2020-DJ-BX-0034	16.738	49,954	-
Total Passed through the Office of the Governor - Criminal Justice Division			<u>81,231</u>	-
Total U.S. Department of Justice			<u>81,231</u>	-
<u>U.S. Department of the Treasury</u>				
Direct Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	SLFRP2188	21.027	2,077,617	-
Total Direct Program			<u>2,077,617</u>	-
Passed through the Office of the Governor - Criminal Justice Division:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund (Victims of Crime - SB 8)	2021-CS-21027	21.027	103,614	-
Total Passed through the Office of the Governor - Criminal Justice Division			<u>103,614</u>	-
Subtotal Assistance Listing Number 21.027			<u>2,181,231</u>	-
Total U.S. Department of Treasury			<u>2,181,231</u>	-
<u>U. S. Department of Health and Human Services</u>				
Passed through the Texas Department of Family and Protective Services:				
Foster Care Title IV-E	HHS000285000015	93.658	1,196	-
Total Passed through the Texas Department of Family and Protective Services			<u>1,196</u>	-
Total U. S. Department of Health and Human Services			<u>1,196</u>	-
<u>U.S. Department of Homeland Security</u>				
Passed through the Texas Office of the Governor:				
Interoperable Communications Dispatch Consoles	4205201	97.067	19,368	-
Total Passed through the Texas Office of the Governor			<u>19,368</u>	-
Total U. S. Department of Homeland Security			<u>19,368</u>	-
Total Federal Awards			<u>\$ 2,283,026</u>	-

The accompanying notes are an integral part of this schedule.

ANDERSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the County, it is not intended and does not present the financial position, changes in net position/fund balance or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

The County accounts for federal funding using the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences, claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenue until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 3 - Indirect Costs

The County has elected not to use the 10% de minimis indirect cost rate as allowed in the *Uniform Guidance*.

ANDERSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	None
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster:</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds (COVID-19)

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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Findings Related to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs Related to Federal Awards

None

ANDERSON COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2022

None

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