



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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

July 25, 2023

To the Honorable County Judge and County Commissioners
Young County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Young County, Texas (County) for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2022. Professional standards also require that we communicate to you the following information related to your audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

- Management's estimate of uncollectible property taxes is based on known facts and circumstances as well as historical information.
- Management's estimate of useful lives of capital assets for depreciation purposes is based on known facts and circumstances as well as historical information.
- Management's estimates of pension and OPEB related assets, liabilities and deferred outflows and inflows of resources are based on information provided by the Texas County and District Retirement System and CapRisk Consulting Group.
- Management's estimates of compensated absences is based on from the County's payroll system and historical information.

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We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note A – Summary of Significant Accounting Policies,
- Note G – Long-Term Obligations
- Note J – Defined Benefit Pension Plan,
- Note K – Defined Other Post-Employment Benefit Plan,
- Note L – Judicial Assessment Receivables, and
- Note M – COVID-19 Pandemic

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements except for \$8,966 of additional accounts payable and \$13,030 of accrued wages in the General Fund at September 30, 2022. Management has determined that the effects are immaterial to the financial statements taken as a whole.

In addition, some of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. Transfers of \$110,000 were reclassified in both the General and Other Governmental Funds and accounts payable of \$76,141 was recorded in the Custodial Funds.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 25, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the County's independent auditors.

It should be noted that the County has receivables from the various dockets in the County, District, and Justice of the Peace Courts at September 30, 2022. Though these receivables are material to the County's financial statements, they have not been recorded. It is our understanding that the County is developing a plan to obtain this information for future reporting. Because these receivables have not been reported, a qualification to the independent auditor's report was made.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, budgetary comparison schedules, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System, the Schedule of Employer Contributions – Texas County and District Retirement System, and the Schedule of Changes in Total OPEB Liability and Related Ratios – Young County Retiree Health Care Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the County Judge and County Commissioners and other members of management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Edgin, Parkman, Fleming & Fleming, PC

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Certified Public Accountants



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A. PAUL FLEMING, CPA

July 25, 2023

To the Honorable County Judge and County Commissioners
Young County, Texas

In planning and performing our audit of the financial statements of Young County, Texas (County) for the year ended September 30, 2022, we considered the County's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated July 25, 2023 on the financial statements of the County.

Prior Year Comments

Year-End Adjustments

Comment: During the prior year audits, it was noted that several individual funds required significant adjustments to record material transactions and adjust various balances on the County's internal financial statements to conform to generally accepted accounting principles (GAAP).

Status: At the start of the audit, it was determined that significant improvement was made in this area. However, two material adjustments were necessary. We continue to recommend that the County carefully review its internal accounting records and make the necessary entries to adjust them to GAAP throughout the year.

Judicial Assessment Receivables

Comment: Various individuals owe the County for outstanding fines and fees assessed by the various County, District, and Justice of the Peace (JP) Courts. These amounts are required to be reported in the County's financial statements net of any estimated uncollectible amounts. However, because these receivables generally have not been adjusted and cleaned up, they are possibly overstated and have not been recorded by the County. The JPs and the County and District Clerks started using a collection agency to collect older receivables. We recommended that a third-party collection agency assist the County departments in assessing the collectability of the older accounts and take appropriate action to remove these older, uncollectable accounts.

Status: During the year, there has not been any efforts to adjust the older, uncollectible accounts. Once this process is completed, it will become feasible to record the judicial assessment receivables.

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Policies and Procedures

Comment: It was noted that there are limited or no written policies and procedures especially relative to accounting processes and a disaster recovery plan. We recommended that each of the County's departments develop written policies and procedures relative to the receipting of money, dual counting, deposits, reconciliations, remittances to third parties and other County offices, etc. and a written disaster recovery plan be developed for the County as a whole.

Status: No progress was made relative to completing written policies. However, the County has been working on a disaster recovery plan, but it is not completed. We continue to recommend these be completed as soon as possible. Once developed, they should be periodically reviewed and updated to ensure no changes should be made.

Additionally, with the County participating in various federal grants, the County written policies and procedures should include the requirements relative to federal grants.

Non-County Bank Accounts

Comment: There are two Rural Volunteer Fire Department accounts that use the County's Employee Identification Number (EIN). This could add additional risks and financial responsibilities to this entity. We recommend that the Rural Volunteer Fire Department should use their own EIN number.

Status: Both accounts are still under the County's EIN number at September 30, 2022. We continue to recommend that the Rural Volunteer Fire Department should use their own EIN number to eliminate any potential risk and responsibilities to the County.

Interfund Balances

Comment: From time-to-time, a fund may need to borrow from another fund and these borrowings create interfund balance. The interfund balances should be repaid as soon as possible. However, the County has had two balances that have not been repaid in at least four years as follows:

- The General Fund (10) owes the R&B General (20) \$29,679.50
- The General Fund (10) owes the Debt Service Fund (60) \$5,380.99

We recommended that these balances be repaid.

Status: The balances were not repaid in 2021-22; therefore, we continue to recommend these balances be repaid as soon as possible.

Outstanding Checks

Comment: Some bank accounts have outstanding checks over one year old. We recommended that the outstanding checks be investigated and new checks issued and reinstate them or escheat them to the state.

Status: At September 30, 2022, there are still several accounts with outstanding checks over one year old as follows:

- Treasurer Fund – 5 checks totaling \$66.07.
- District Clerk Trust Fund – 8 checks totaling \$78.31.
- District Clerk General Fund – 80 checks totaling \$932.77.
- District Clerk Cost Department – 8 checks totaling \$503.00
- Insurance Fund – 1 check for \$42.00

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Management Letter

We continue to recommend that the outstanding checks should be investigated and new checks issued and reinstate them or escheat them to the state as necessary.

Proper Deposit Accounting

Comment: It was noted that a \$38,500 ACH from the State Comptroller Office was received in September 2021, but it was not recorded until October 2021 because it was the County Attorney's 2021-22 supplement. However, it should have been recorded and reported as unearned income when received. Therefore, cash and unearned revenue was unreported by \$38,500 at September 30, 2021.

Status: The County received a similar amount in September 30, 2022, but was not recorded in the accounting records again. It was corrected during the audit. We still recommend that in the future that the bank activity be recorded accurately.

Bank Reconciliations

Comment: During the testing of the bank reconciliations, we noticed that several fee offices did not complete bank reconciliations and several of the prepared bank reconciliations did not have any documentation of the third-party review.

Status: Though some improvement was noted, there are still several fee offices that did not complete bank reconciliations and several of the prepared bank reconciliations did not have any documentation of the third-party review. We continue to recommend that all bank statements be timely prepared and reviewed.

Current Year Comments

Invoicing of County Services

Comment: During the testing of County services to other entities, we noted that the County failed to invoice the City of Olney for the dispatch services for 2021-22 for \$43,365.

Recommendation: In the future, we recommend that all County services rendered be reviewed to ensure they are invoiced in a timely manner and subsequently collected.

Depository Agreement

Comment: The County's depository agreement extension expired on October 31, 2021 and a new one had not been executed. Consequently, the County has been operating without a valid depository agreement since then. However, it appears the depository covered the County's deposits with pledged securities after the maturity date through at least September 30, 2022.

Recommendation: We recommend that the County's bank services either be extended or bid as allowed by law as soon as possible.

Closing Comments

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various County personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank management and all of those with whom we worked for their support and assistance during our audit.

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This communication is intended solely for the use of the County Judge and County Commissioners and other members of management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Edgin, Parkman, Fleming & Fleming, PC

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Certified Public Accountants

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YOUNG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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YOUNG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and Schedule of Expenditures of Federal Awards

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Young County, Texas' (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2022. The County's major federal program is 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 types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 the 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

Report on Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated July 25, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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 the 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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 25, 2023

YOUNG COUNTY, TEXAS

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

Federal Grantor/Pass-Through Grantor/ Program Title	Contract Number	Assistance Listing Number	Expenditures and Indirect Costs	Amount Relating to Pass-Through Expenditures
FEDERAL AWARDS				
United States Department of the Treasury				
Direct Program:				
COVID-19 - ARPA Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	\$ 762,734	\$ -
Total United States Department of the Treasury			762,734	-
Total Expenditures of Federal Awards			\$ 762,734	\$ -

YOUNG COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Note 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Young County, Texas (County). All financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on this schedule.

Note 2 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. Federal grant funds are ordinarily 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 deferred revenues until earned.

Note 3 - CONTINGENCIES

In connection with the federal programs, the County is required to comply with specific terms and agreements as well as applicable federal laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives.

Since such programs are subject to audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the County expects the resulting liability to be immaterial.

Note 4 - DE MINIMIS INDIRECT COST RATE

Entities that receive federal awards for which an indirect cost rate has never been negotiated may elect to charge a de minimis indirect cost rate of ten percent of modified total direct costs. The County did not elect to charge the de minimis rate to any of its federal awards during the year ended September 30, 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
Members of the Commissioners' Court
Young 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 Young County, Texas (County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 25, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of 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 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 was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2022-001 and 2022-002 that we consider to be a material weakness.

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 statement. 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*.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 25, 2023

YOUNG COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Auditor's Results

An unmodified opinion was issued on the financial statements.

The audit disclosed a material weakness relating to the audit of the financial statements in the 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*.

The audit disclosed an instance of noncompliance that is material to the financial statements in the 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*.

The audit disclosed no material weaknesses or significant deficiencies relating to the audit of the major federal award program in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.

An unmodified opinion was issued on compliance for the major program.

The audit disclosed no noncompliance findings that are required to be reported in this schedule under the Uniform Guidance.

Major program is as follows:

Federal:

21.027 – Coronavirus State and Local Fiscal Recovery Funds

The threshold used to distinguish between Type A and Type B federal programs was \$750,000.

The County was not classified as a low-risk auditee in the context of the Uniform Guidance.

B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

Finding 2022-001 – Material Weakness in Internal Control over Financial Reporting

Criteria or Specified Requirement

The County should maintain adequate internal control over financial reporting to ensure accurate reporting in the County's financial statements.

Condition Found

During the audit, misstatements in the County's accounting records were material to the County's financial statements. The misstatements were not identified prior to the audit by the County's internal control processes.

YOUNG COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D) FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cause

The County did not record all of the necessary entries to properly record all financial transactions in accordance with generally accepted accounting principles.

Effect

Material misstatements were noted during the audit of the County's financial statements and were required to be corrected. Therefore, internally prepared financial statements are materially in error and do not follow generally accepted accounting principles.

Recommendation

We recommend that the County closely review and adjust all accounts as necessary prior to closing the County's accounting records prior to the start of the audit.

Views of Responsible Officials and Planned Corrective Action

Please refer to the Corrective Action Plan prepared by the County's management.

Finding 2022-002 – Material Noncompliance – Over-Expended Budgets

Criteria or Specified Requirement

At no time can the County expend more than the approved budget.

Condition Found

The County's General Fund budget was over-expended in fourteen departments ranging from \$49 to \$218,550.

Cause

The County incurred additional costs in certain departments throughout the year for which the General Fund budget was not amended.

Effect

The County is not in compliance with the Texas Government Code relative to budgeted expenditures.

Recommendation

We recommend that the County closely monitor its expenditures and make the necessary budget amendments when needed.

YOUNG COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D) FOR THE YEAR ENDED SEPTEMBER 30, 2022

Views of Responsible Officials and Planned Corrective Action

Please refer to the Corrective Action Plan prepared by the County's management.

C. Findings and Questioned Costs for Federal Awards

There were no findings in the current year.



**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Finding 2022-001

The County has reviewed the finding noted in the audit and agrees with it. The County will also make the necessary adjustments in future years.

The Contact person for this corrective action plan is Cheryl Roberts, County Auditor.

Finding 2022-002

The County has reviewed the finding noted in the audit and agrees with it. The County will also make the necessary adjustments in future years.

The Contact person for this corrective action plan is Cheryl Roberts, County Auditor.

YOUNG COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Finding 2021-001 – Material Weakness in Internal Control over Bank Reconciliations

Current Status: In the prior year audit, it was noted that some of the bank reconciliations did not have documentation of the person who completed the reconciliation, and there was no documentation of review and approval of the reconciliations by a third party. During the current year audit, it was noted that some of the fee offices did not complete bank reconciliations and that several of the prepared bank reconciliations did not have documentation of the third-party review.

Finding 2021-002 – Material Weakness in Internal Control over Financial Reporting

Current Status: In the prior year audit, material misstatements were identified requiring material audit adjustments to the County's financial statements. During the current year audit, similar material audit adjustments were made. See Finding 2022-001.

Finding 2021-003 – Material Noncompliance – Over-Expended Budgets

Current Status: In the prior year audit, it was noted that the General Fund expenditures exceeded the budgeted amount in total and in six departments, some of which were material. During the current year audit, similar over-expenditures were noted in several budgeted areas. See Finding 2022-002.

YOUNG COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

YOUNG COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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FINANCIAL SECTION

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EDGIN, PARKMAN, FLEMING & FLEMING, PC

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Independent Auditor's Report

To the Honorable County Judge
and County Commissioners
Young County, Texas

Qualified and Unmodified Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Qualified
American Rescue Grant Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinions on Governmental Activities and the General Fund

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

Unmodified Opinions on the American Rescue Grant Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the American Rescue Grant Fund and the aggregate remaining fund information of the County, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 qualified and unmodified audit opinions.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System, Schedule of Employer Contributions – Texas County and District Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios – Young County Retiree Health Care Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated July 25, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Young County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2022 by \$28,777,679 (net position). Of this amount, \$11,355,164 is unrestricted and may be used to meet the County's obligations.
- During the year, the County's total net position increased by \$2,055,746. The County's expenses, which totaled \$12,111,101, were less than the County's program revenues of \$4,088,211 and general revenues and special item of \$10,078,636.
- The total cost of the County's programs increased \$1,250,837 or 12% from the prior year.
- The governmental funds reported a fund balance at September 30, 2022 of \$11,542,423, which is an increase of \$708,177 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$9,791,181, or 83% of the total General Fund expenditures for the year ended September 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

All of the County's services are reported in the government-wide financial statements, including administration, judicial, road and bridge, and public safety. Property taxes, sales taxes, highway taxes, fees and commissions and intergovernmental grants finance most of the activities. Additionally, all capital and debt financing activities are reported here.

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

The *statement of activities* details 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 the related cash flows. Therefore, 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 property taxes).

Fund Financial Statements

The County uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the County to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the County can be divided into three categories: governmental funds, internal service fund and fiduciary 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 short-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 the County's short-term financing requirements.

Because the focus on *governmental funds* is narrower than that of 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 short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintained multiple governmental funds in the current fiscal year. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund and American Rescue Grant Fund, which are considered to be the County's major funds. Financial data for the other governmental funds are combined into a single, aggregated presentation.

Internal service fund. The County's health insurance plan is accounted for as an internal service fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside of 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 programs. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary net position.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain 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 certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 is the County's net position summarized for the *governmental activities*.

Table 1 - County's Net Position

	Governmental Activities			
	2022	2021	Change	% Change
Current assets	\$ 16,053,493	\$ 13,813,389	\$ 2,240,104	16%
Long-term assets	22,228,790	19,440,726	2,788,064	14%
Total Assets	38,282,283	33,254,115	5,028,168	15%
Deferred Outflows of Resources	747,502	1,155,117	(407,615)	-35%
Current liabilities	3,829,103	2,302,674	1,526,429	66%
Noncurrent liabilities	2,731,480	4,287,813	(1,556,333)	-36%
Total Liabilities	6,560,583	6,590,487	(29,904)	0%
Deferred Inflows of Resources	3,691,523	1,096,812	2,594,711	237%
Net position:				
Net investment in capital assets	16,152,544	15,616,041	536,503	3%
Restricted	1,269,971	1,269,874	97	0%
Unrestricted	11,355,164	9,836,018	1,519,146	15%
Total Net Position	\$ 28,777,679	\$ 26,721,933	\$ 2,055,746	8%

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$16,152,544. 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 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 capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$1,269,971, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$11,355,164 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were \$14,084,707. A significant portion, 57%, of the County's revenue comes from property taxes. Charges for services accounted for 20% of the County's revenue. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2022 and 2021 for the County's *governmental activities*.

Table 2 - County's Revenues

	Governmental Activities			
	2022	Percent	2021	Percent
Charges for services	\$ 2,783,663	20%	\$ 2,793,179	22%
Operating grants and contributions	1,304,548	9%	752,222	6%
Property taxes	7,922,680	57%	7,263,960	58%
Sales taxes	1,722,725	12%	1,471,806	12%
Occupancy taxes	94,338	1%	75,528	1%
Mixed beverage taxes	30,511	0%	28,201	0%
Investment earnings	40,102	0%	46,801	0%
Miscellaneous	186,140	1%	161,329	1%
Total Revenues	\$ 14,084,707	100%	\$ 12,593,026	100%

A brief summary of the significant changes between years are as follows:

- Operating grants and contributions increased by \$552,326. The increase is mostly due to ARPA grant funds starting to be spent in the current year and additional grant funds for election equipment.
- Property taxes increased by \$658,720. The increase is mostly due to the tax rates increasing and a small decrease in taxable values.

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2022 and 2021 for the County's *governmental activities*. The total cost of all programs and services was \$12,111,101 and \$10,860,264 for the years ended September 30, 2022 and 2021, respectively.

Table 3 - County's Expenses

	Governmental Activities			
	2022	Percent	2021	Percent
County Judge	\$ 136,973	1%	\$ 148,184	1%
County Clerk	232,200	2%	223,780	2%
Veteran service	19,764	0%	20,798	0%
Homeland security	480	0%	5,480	0%
Nondepartmental costs	271,177	2%	274,233	3%
Computer department	84,098	1%	90,671	1%
County/District court	389,548	3%	475,458	4%
District Clerk	173,192	1%	184,925	2%
Justices of the Peace	308,684	3%	309,904	3%
District Judge	60,089	0%	62,215	1%
County Attorney	231,096	2%	242,234	2%
District Attorney	251,838	2%	272,908	3%
Elections	196,857	2%	224,176	2%
County Auditor	201,398	2%	202,191	2%
County Treasurer	132,023	1%	130,641	1%
Tax Assessor/Collector	451,414	4%	452,926	4%
Courthouse maintenance	255,626	2%	204,069	2%
Annex maintenance	16,981	0%	17,141	0%
Ambulance	204,000	2%	189,000	2%
Constables	71,745	1%	82,588	1%
Department of Public Safety and Game Warden	6,055	0%	4,953	0%
Sheriff, dispatch and jail	3,192,569	27%	3,076,044	27%
911 mapping	55,326	0%	39,230	0%
Adult probation	421,419	3%	541,915	5%
Juvenile probation	607,148	5%	664,126	6%
Pauper services	17,100	0%	12,271	0%
Fort Belknap	152,142	1%	128,504	1%
Agricultural extension agent	32,740	0%	29,143	0%
Home extension agent	23,871	0%	25,962	0%
TAEX office	59,228	0%	56,181	1%
Employee benefits	61,607	1%	66,037	1%
District court reporter	100,783	1%	104,968	1%
Road and bridge	2,512,154	21%	2,078,866	19%
Library expense	9,143	0%	9,541	0%
Hospital and medical costs	240,521	2%	67,037	1%
Medical administrative costs	78,626	1%	64,060	1%
Preservation of books	13,677	0%	6,261	0%
ARPA	762,734	6%	-	0%
Debt service - interest	75,075	1%	71,643	1%
Total Expenses	\$ 12,111,101	100%	\$ 10,860,264	100%

The only significant variances were for road and bridge which increased \$433,288 due to the effects of disposals of equipment in the prior year plus additional road maintenance costs in the current year, and for ARPA which the County began expending in the current year.

Governmental Activities

Table 4 presents the various revenue categories and gross costs of the County for both the current and prior year.

Table 4 - Changes in Net Position

	Governmental Activities			
	2022	2021	Change	% Change
Revenues:				
Program revenues	\$ 4,088,211	\$ 3,545,401	\$ 542,810	15%
General revenues	9,996,496	9,047,625	948,871	10%
Total revenues	14,084,707	12,593,026	1,491,681	12%
Expenses	12,111,101	10,860,264	1,250,837	12%
Special item - gain on sale of capital asset	82,140	-	82,140	N/A
Change in net position	\$ 2,055,746	\$ 1,732,762	\$ 322,984	19%

Table 5 presents the net cost of the County's most significant governmental departments/functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, other taxes, and other miscellaneous general revenues.

Table 5 - Net Cost of Selected County Departments/Functions

	Governmental Activities			
	2022	Percent	2021	Percent
County Judge	\$ 111,773	1%	\$ 122,984	2%
County Clerk	(179,043)	-2%	(171,197)	-2%
District/County court	344,256	4%	427,347	6%
Justices of the Peace	176,430	2%	203,363	3%
County Attorney	192,596	2%	203,734	3%
District Attorney	132,235	2%	156,931	2%
Tax Assessor/Collector	(329,870)	-4%	(312,994)	-4%
Sheriff, dispatch and jail	2,856,445	36%	2,735,112	37%
Road and bridge	2,322,853	29%	1,772,838	24%

Financial Analysis of the County's Funds

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

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

As of September 30, 2022, the County's governmental funds reported a combined ending fund balance of \$11,542,423, an increase of \$708,177 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
September 30, 2022**

	General Fund	American Rescue Grant Fund	Other Governmental Funds	Totals
Nonspendable:				
Prepays	\$ 46,422	\$ -	\$ -	\$ 46,422
Restricted for:				
Debt service	-	-	43,186	43,186
Federal funds grant restrictions	-	4,277	-	4,277
Special assessments	-	-	1,197,357	1,197,357
Assigned	460,000	-	-	460,000
Unassigned	9,791,181	-	-	9,791,181
Total Fund Balances	\$ 10,297,603	\$ 4,277	\$ 1,240,543	\$ 11,542,423

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$10,297,603, of which \$46,422 was nonspendable, \$460,000 was assigned, and \$9,791,181 was unassigned. The total unassigned fund balance represents 83% of the total General Fund expenditures for the year ended September 30, 2022. The total fund balance increased \$707,846 in the current fiscal year.

General Fund revenues totaled \$12,320,308, an increase of \$406,433 or 3% over the preceding year. The revenue categories with significant changes between years were as follows:

- Property taxes revenues increased \$595,847 or 9%. The increase is due to the increase in the maintenance and operation tax rate less a small decrease in the tax values.
- Sales tax revenues increased \$250,919 or 17%. The increase is due to the overall improvement in the economy.
- Federal and state grants decreased \$433,306 or 60%. The decrease is due to fewer COVID-19 relief grants in the current year.

General Fund expenditures totaled \$11,797,214, a decrease of \$1,756,155 or 13% over the preceding year. The expenditure categories with significant changes between years were as follows:

- Sheriff, dispatch, and jail expenditures increased \$257,654 or 9%. The increase is mostly due to staffing and supplies in the current year.
- Road and bridge decreased \$191,430 or 9%. The decrease is mostly due to additional road maintenance costs from the state transportation grant in the prior year.
- Capital outlay expenditures decreased \$1,824,066 or 78%. The decrease is due to additional road and bridge maintenance equipment acquired in the prior year.
- Debt service - principal decreased \$293,108 or 38%. The decrease is due to several capital leases being paid off in the prior year.

General Fund other sources totaled \$184,752 which was a decrease of \$2,400,020 mostly due to new capital leases issued in the prior year and proceeds from the sale of capital assets in the prior year.

American Rescue Grant Fund

The American Rescue Grant fund consists of the federal COVID-19 relief American Rescue Grant. The total ending fund balance was \$4,277, an increase of \$3,544 from the previous year. The County began expending the grant funds in the current year and the unspent funds earned interest while being held in cash.

Other Governmental Funds

Other governmental funds consist of the various special revenue funds and the debt service fund. The total ending fund balance was \$1,240,543, a decrease of \$3,213 from the previous year.

The Other Governmental Funds' revenues totaled \$1,002,614, an increase of \$302,677 or 43%. The only revenue category with a significant change was federal and state grants which increased \$222,898 or 910%, and was due to an election equipment grant received in the current year.

The Other Governmental Funds' expenditures totaled \$1,115,827, an increase of \$156,555 or 16%. The only expenditure category with a significant change was capital outlay which increased \$148,248 or 156% due to additional election equipment grant expenditures in the current year.

General Fund Budgetary Highlights

The County did not make any budget amendments during the year. Total expenditures were \$1,459,447 less than the final budget amounts. Most functional areas were below their budget; however, fourteen departments had over-expended budgets ranging from \$49 to \$218,550. The budget areas where expenditures were significantly above or below the final budgeted amount are as follows:

- Nondepartmental costs – under-expended by \$199,826
- County/District court – under-expended by \$248,202
- Elections – under-expended by \$261,468
- Sheriff, dispatch and jail – under-expended by \$155,799
- Road and bridge – under-expended by \$811,112
- Hospital and medical costs – over-expended by \$140,521
- Capital outlay – over-expended by \$218,550

On the other hand, revenues were \$525,772 above the final budgeted amount. All of the revenues fell within normal variance above and below budgeted levels, except as follows:

- Property taxes – favorable budget variance of \$774,741
- Sales taxes – favorable budget variance of \$522,725
- Federal and state grants – unfavorable budget variance of \$530,781

In all instances, the County failed to amend the budget for changes in the revenues and expenditures based on known facts during the fiscal year.

The budget line items in the original budget were not materially different than in the final adopted budget in any area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2022, the County had invested in a broad range of capital assets totaling \$18,739,112, net of accumulated depreciation, including land, buildings, equipment, and infrastructure. See Table 7 below.

Table 7 - Capital Assets, Net

	2022	2021	\$ Change	% Change
Land	\$ 711,731	\$ 711,731	\$ -	0%
Buildings and improvements	11,341,077	11,631,803	(290,726)	-2%
Machinery and equipment	4,850,541	5,153,939	(303,398)	-6%
Infrastructure	1,835,763	1,943,253	(107,490)	-6%
Totals	\$18,739,112	\$19,440,726	\$ (701,614)	-4%

Capital assets, net of accumulated depreciation, decreased \$701,614 or 4% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2022, the County had \$2,586,568 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2022	2021	\$ Change	% Change
Bonds payable	\$ 770,000	\$ 1,520,000	\$ (750,000)	-49%
Bond premium	5,861	23,342	(17,481)	-75%
Lease financing payables	1,810,707	2,281,343	(470,636)	-21%
Totals	\$ 2,586,568	\$ 3,824,685	\$ (1,238,117)	-32%

Total long-term obligations decreased \$1,238,117 or 32%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2022-23 budget preparation is \$1,223,123,895, an increase of \$222,703,446, or 22% from the prior year taxable values. The overall tax rate adopted is \$.587609 per \$100 valuation, a decrease of \$.105976 per \$100 valuation.

General Fund revenues budgeted for 2022-23 are \$16,613,955, an increase of \$4,293,647, or 35% from the final 2021-22 revenues of \$12,320,308.

General Fund expenditures budgeted for 2022-23 are \$17,073,955, an increase of \$5,276,741 from the final 2021-22 expenditures of \$11,797,214. Most of the increase relates to very conservative budgeting in 2022-23. The County does not anticipate any new programs or projects being added in 2022-23.

The other sources and uses are budgeted to be less than the prior year actual amounts as the County is not budgeting any new lease proceeds or sales of capital assets in 2022-23.

If these estimates are realized, the County's General Fund's fund balance will decrease \$460,000 by September 30, 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
Assets	
Cash	\$ 13,012,790
Investments	2,064,399
Receivables:	
Property taxes, net	370,048
Sales taxes	322,666
Accounts	161,738
Due from fiduciary	75,430
Prepaid expenses	46,422
Capital assets not being depreciated	711,731
Capital assets being depreciated, net	18,027,381
Net pension asset	3,489,678
Total assets	<u>38,282,283</u>
Deferred Outflows of Resources	
Pension plan related	741,077
OPEB plan related	3,005
Deferred loss on refunding	3,420
Total deferred outflows of resources	<u>747,502</u>
Liabilities	
Accounts payable	839,409
Accrued liabilities	215,597
Unearned revenues	2,774,097
Long-term liabilities:	
Due within one year	1,318,369
Due in more than one year	1,366,421
Total OPEB liability	46,690
Total liabilities	<u>6,560,583</u>
Deferred Inflows of Resources	
Pension plan related	3,650,171
OPEB plan related	41,352
Total deferred inflows of resources	<u>3,691,523</u>
Net Position	
Net investment in capital assets	16,152,544
Restricted	1,269,971
Unrestricted	11,355,164
Total net position	<u>\$ 28,777,679</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				Governmental Activities
County Judge	\$ 136,973	\$ -	\$ 25,200	\$ (111,773)
County Clerk	232,200	411,243	-	179,043
Veteran service	19,764	-	-	(19,764)
Homeland security	480	-	-	(480)
Nondepartmental costs	271,177	17,102	12,165	(241,910)
Computer department	84,098	-	-	(84,098)
County/District court	389,548	45,292	-	(344,256)
District Clerk	173,192	108,771	-	(64,421)
Justices of the Peace	308,684	132,254	-	(176,430)
District Judge	60,089	33,318	-	(26,771)
County Attorney	231,096	-	38,500	(192,596)
District Attorney	251,838	114,048	5,555	(132,235)
Elections	196,857	-	243,549	46,692
County Auditor	201,398	-	-	(201,398)
County Treasurer	132,023	-	-	(132,023)
Tax Assessor/Collector	451,414	781,284	-	329,870
Courthouse maintenance	255,626	-	-	(255,626)
Annex maintenance	16,981	-	-	(16,981)
Ambulance	204,000	-	-	(204,000)
Constables	71,745	10,294	1,110	(60,341)
Department of Public Safety and Game Warden	6,055	-	-	(6,055)
Sheriff, dispatch and jail	3,192,569	309,690	26,434	(2,856,445)
911 mapping	55,326	-	-	(55,326)
Adult probation	421,419	505,166	-	83,747
Juvenile probation	607,148	314,551	-	(292,597)
Pauper services	17,100	-	-	(17,100)
Fort Belknap	152,142	650	-	(151,492)
Agricultural extension agent	32,740	-	-	(32,740)
Home extension agent	23,871	-	-	(23,871)
TAEX office	59,228	-	-	(59,228)
Employee benefits	61,607	-	-	(61,607)
District court reporter	100,783	-	-	(100,783)
Road and bridge	2,512,154	-	189,301	(2,322,853)
Library expense	9,143	-	-	(9,143)
Hospital and medical costs	240,521	-	-	(240,521)
Medical administrative costs	78,626	-	-	(78,626)
Preservation of books	13,677	-	-	(13,677)
ARPA	762,734	-	762,734	-
Debt service - interest	75,075	-	-	(75,075)
Total governmental activities	<u>\$ 12,111,101</u>	<u>\$ 2,783,663</u>	<u>\$ 1,304,548</u>	<u>(8,022,890)</u>
General revenues and special item:				
Property taxes, levied for general purposes				7,379,553
Property taxes, levied for debt service purposes				543,127
Sales taxes				1,722,725
Occupancy taxes				94,338
Mixed beverage taxes				30,511
Investment earnings				40,102
Miscellaneous				186,140
Special item - gain on sale of capital asset				82,140
Total general revenues and special item				<u>10,078,636</u>
Change in net position				2,055,746
Net position - beginning				26,721,933
Net position - ending				<u>\$ 28,777,679</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	American Rescue Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 8,718,348	\$ 2,739,874	\$ 1,222,053	\$ 12,680,275
Investments	2,064,399	-	-	2,064,399
Receivables, net:				
Property taxes	344,603	-	25,445	370,048
Sales tax	322,666	-	-	322,666
Other	161,068	-	670	161,738
Due from other funds	89,017	-	21,474	110,491
Prepaid expenses	46,422	-	-	46,422
Total assets	<u>\$ 11,746,523</u>	<u>\$ 2,739,874</u>	<u>\$ 1,269,642</u>	<u>\$ 15,756,039</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 835,755	\$ -	\$ 3,654	\$ 839,409
Accrued liabilities	195,001	-	-	195,001
Due to other funds	35,061	-	-	35,061
Unearned revenues	38,500	2,735,597	-	2,774,097
Total liabilities	<u>1,104,317</u>	<u>2,735,597</u>	<u>3,654</u>	<u>3,843,568</u>
Deferred inflows of resources:				
Unavailable property taxes	<u>344,603</u>	<u>-</u>	<u>25,445</u>	<u>370,048</u>
Fund balances:				
Nonspendable - prepaids	46,422	-	-	46,422
Restricted	-	4,277	1,240,543	1,244,820
Assigned	460,000	-	-	460,000
Unassigned	9,791,181	-	-	9,791,181
Total fund balances	<u>10,297,603</u>	<u>4,277</u>	<u>1,240,543</u>	<u>11,542,423</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,746,523</u>	<u>\$ 2,739,874</u>	<u>\$ 1,269,642</u>	<u>\$ 15,756,039</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds (Exhibit A-3) \$ 11,542,423

Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 30,738,472	
Related accumulated depreciation	11,999,360	18,739,112

Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds. 370,048

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	770,000	
Bond premium	5,861	
Lease financing payable	1,810,707	
Accrued compensated absences	98,222	(2,684,790)

The losses on refunded debt is not recognized in the governmental funds; however, they are capitalized as deferred losses on refunding and amortized over the life of the refunded debt. The balance of the deferred loss at year-end was: 3,420

The accrued interest on the long-term debt at year-end was: (20,596)

The County's net pension liability and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System and the OPEB liability related to the County-provided retiree medical coverage do not meet the criteria to be reported in the governmental funds financial statements. These items consist of:

Deferred outflows - pension related items	741,077	
Deferred outflows - OPEB items	3,005	
Deferred inflows - pension related items	(3,650,171)	
Deferred inflows - OPEB items	(41,352)	
Net pension asset	3,489,678	
Total OPEB liability	(46,690)	495,547

The County uses an internal service fund to operate the County's health insurance program for all eligible employees and retirees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. 332,515

Total net position - governmental activities (Exhibit A-1) \$ 28,777,679

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS

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

	General Fund	American Rescue Grant Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 7,378,044	\$ -	\$ 549,598	\$ 7,927,642
Sales taxes	1,722,725	-	-	1,722,725
Occupancy taxes	94,338	-	-	94,338
Mixed beverage tax	30,511	-	-	30,511
Licenses, fees and fines	725,232	-	197,399	922,631
Other governmental reimbursements	1,115,834	-	-	1,115,834
Auto registration	497,890	-	-	497,890
Surtax on auto registration	196,280	-	-	196,280
Federal and state grants	294,416	762,734	247,398	1,304,548
Interest earned	35,223	3,544	866	39,633
Other revenue	229,815	-	7,353	237,168
Total revenues	12,320,308	766,278	1,002,614	14,089,200
Expenditures				
County Judge	156,413	-	-	156,413
County Clerk	258,141	-	-	258,141
Veteran service	22,975	-	-	22,975
Homeland security	480	-	-	480
Nondepartmental costs	192,885	-	39,094	231,979
Computer department	84,732	-	-	84,732
County/District court	380,627	-	9,806	390,433
District Clerk	191,782	-	-	191,782
Justices of the Peace	342,527	-	1,968	344,495
District Judge	67,147	-	-	67,147
County Attorney	258,805	-	-	258,805
District Attorney	286,968	-	-	286,968
Elections	137,517	-	9,744	147,261
County Auditor	224,393	-	-	224,393
County Treasurer	145,601	-	-	145,601
Tax Assessor/Collector	480,445	-	-	480,445
Courthouse maintenance	266,517	-	-	266,517
Annex maintenance	16,981	-	-	16,981
Ambulance	204,000	-	-	204,000
Constables	77,022	-	2,117	79,139
Department of Public Safety and Game Warden	6,055	-	-	6,055
Sheriff, dispatch and jail	3,046,658	-	2,064	3,048,722
911 mapping	60,861	-	-	60,861
Adult probation	498,175	-	-	498,175
Juvenile probation	642,855	-	-	642,855
Pauper services	17,100	-	-	17,100
Fort Belknap	149,746	-	-	149,746
Agricultural extension agent	31,849	-	-	31,849
Home extension agent	23,871	-	-	23,871
TAEX office	65,160	-	-	65,160
Employee benefits	61,607	-	-	61,607
District court reporter	116,246	-	-	116,246
Road and bridge	1,910,382	-	-	1,910,382
Library expense	-	-	9,143	9,143

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Grant Fund	Other Governmental Funds	Total Governmental Funds
Hospital and medical costs	240,521	-	-	240,521
Medical administrative costs	78,626	-	-	78,626
Preservation of books	-	-	13,677	13,677
ARPA	-	762,734	-	762,734
Capital outlay	526,014	-	243,424	769,438
Debt service - principal	469,828	-	750,000	1,219,828
Debt service - interest	55,702	-	34,790	90,492
Total expenditures	11,797,214	762,734	1,115,827	13,675,775
Excess of revenues over (under) expenditures	523,094	3,544	(113,213)	413,425
Other sources and (uses):				
Proceeds from sale of capital assets	294,752	-	-	294,752
Transfers in	2,442,835	-	110,000	2,552,835
Transfers out	(2,552,835)	-	-	(2,552,835)
Total other sources and (uses)	184,752	-	110,000	294,752
Net change in fund balances	707,846	3,544	(3,213)	708,177
Fund balances, beginning of year	9,589,757	733	1,243,756	10,834,246
Fund balances, end of year	<u>\$ 10,297,603</u>	<u>\$ 4,277</u>	<u>\$ 1,240,543</u>	<u>\$ 11,542,423</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds (Exhibit A-5) \$ 708,177

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

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

Capital outlay during the year	\$ 944,438	
Depreciation expense for the year	<u>1,258,440</u>	(314,002)

Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale. (387,612)

Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources decreased by this amount: (4,962)

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

Bonds payable	750,000	
Lease financing payables	<u>470,636</u>	1,220,636

Included in long-term debt are obligations for accrued vacation leave. The changes in these these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was: (3,040)

The amortization of the bond premiums and deferred loss on refunding were as follows:

Bond premiums	17,481	
Deferred loss on refunding	<u>(10,200)</u>	7,281

The change in accrued interest on long-term debt was: 7,328

The County uses an internal service fund to operate the County health insurance program for the benefit of all eligible employees and retirees. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is an increase in net position. 3,132

The net other post-employment benefit obligation is related to the County's retiree health care plan. The actuarial expense was more than the plan contributions in the current year. (1,678)

The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. The plan contributions exceeded the actuarial expense in the current year. 820,486

Change in net position of governmental activities (Exhibit A-2) \$ 2,055,746

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2022

	Insurance Fund
Assets	
Cash	\$ 332,515
Total assets	<u>332,515</u>
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net Position	
Unrestricted	332,515
Total net position	<u>\$ 332,515</u>

The accompanying notes are an integral part of this statement.

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

	Insurance Fund
Operating revenues:	
Charges for services	\$ 1,062,093
Operating expenses:	
Insurance premiums and claims	1,059,430
Income from operations	2,663
Non-operating income:	
Interest income	469
Change in net position	3,132
Total net position - beginning	329,383
Total net position - ending	\$ 332,515

The accompanying notes are an integral part of this statement.

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

	Insurance Fund
Cash flows from operating activities	
Cash received for health insurance coverage	\$ 1,062,093
Cash paid to insurance provider	(1,032,087)
Cash paid to employees for health reimbursements	(27,343)
Net cash provided by operating activities	<u>2,663</u>
Cash flows from investing activities	
Interest earnings	<u>469</u>
Net increase in cash and cash equivalents	3,132
Cash and cash equivalents at beginning of the year	329,383
Cash and cash equivalents at end of the year	<u><u>\$ 332,515</u></u>
Reconciliation of income from operations to net cash provided by operating activities:	
Operating income	\$ 2,663
Effect of change in current assets and liabilities:	
Decrease in accounts payable	-
Net cash provided by operating activities	<u><u>\$ 2,663</u></u>

The accompanying notes are an integral part of this statement.

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

	Custodial Funds
Assets	
Cash	\$ 807,533
Investments	203,265
Due from other funds	10,090
Total assets	<u>1,020,888</u>
Liabilities	
Due to other funds	85,520
Due to others	237,249
Total liabilities	<u>322,769</u>
Net Position	
Restricted for other purposes	698,119
Total net position	<u>\$ 698,119</u>

The accompanying notes are an integral part of this statement.

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

	Custodial Funds
Additions	
Criminal Justice	\$ 302,207
Sheriff's Department	251,137
Tax Assessor Collector	7,964,699
County Clerk	102,626
District Clerk	230,702
County and District Attorneys	279,851
Justices of the Peace	179,036
Miscellaneous	279,090
Total additions	<u>9,589,348</u>
Deductions	
Criminal Justice	302,207
Sheriff's Department	265,137
Tax Assessor Collector	7,964,699
County Clerk	102,626
District Clerk	209,844
County and District Attorneys	252,637
Justices of the Peace	179,036
Miscellaneous	268,070
Total deductions	<u>9,544,256</u>
Change in net position	45,092
Net position - beginning	653,027
Net position - ending	<u><u>\$ 698,119</u></u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Young County (County), a political subdivision of the State of Texas, is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and ambulance service.

The accounting policies of the County conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standards setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

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

2. Government-wide and Fund Financial Statements

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

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, fines, fees and ambulance revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following internal service fund:

The *Insurance Fund* is used to account for the County's health insurance plan and related health reimbursement arrangement plan.

Additionally, the County reports the following fiduciary funds:

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

4. Assets, Liabilities, and Net Position or Equity

a. Deposits and Investments

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

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured by obligations that are described above; or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

All investments are stated at fair value which are based on quoted market prices.

b. Receivables and Payables

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

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

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Young County Appraisal District. Taxes are due without penalty until January 31 of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

c. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

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

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

Buildings and improvements	25 - 50 years
Machinery and equipment	5 - 20 years
Infrastructure	35 years

6. Deferred Outflows/Inflows of Resources

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

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has items that qualify for reporting in this category. The amounts reported by the County in this category include amounts related to the County's participation in TCDRS as well as property taxes receivable that are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

7. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$98,222 of accrued vacation and compensated absences at September 30, 2022 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum of 240 hours of accumulated earned sick leave. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts on long-term obligations are deferred and amortized over the life of the debt using the straight-line method which approximates the effective interest method. Long-term obligations payable is reported net of the applicable premium or discount. Issuance costs are expensed in the period the debt is issued.

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

9. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself. At September 30, 2022, the assigned fund balance represents the budgeted deficit for 2022-23 in the General Fund.

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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

10. Transactions Between Funds

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

11. Use of Estimates

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

12. Pensions

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

13. Other Post-Employment Benefits

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

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

The County had expenditures in excess of budget in fourteen departments ranging from \$49 to \$218,550. In the future, the County will be more diligent in making necessary budget adjustments to avoid unfavorable budget variances.

2. Deficit Fund Balance or Net Position of Individual Funds

The County has no funds with a deficit fund balance or net position.

C. DEPOSITS AND INVESTMENTS

1. Deposits

Deposits, except for those held in trust by the County Clerk, District Clerk and others, were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2022, the carrying amount of the County's deposits was \$15,077,189 and the balance per the bank was \$15,256,473. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$2,064,399.

The County Clerk, District Clerk and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2022 were \$1,010,798 and the balance per the bank was \$999,284. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$203,265.

2. Investments

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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

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

<u>Investment or Investment Type</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Certificates of deposit	2.47	<u>\$2,064,399</u>

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County values its certificates of deposit using Level 2 inputs based on statements from the depository financial institution.

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

D. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service) for the year ended September 30, 2022 was \$0.646444 per \$100 valuation. The long-term debt service tax rate for the year ended September 30, 2022 was \$0.047141 per \$100 valuation. The total combined tax rate was \$0.693585 per \$100 valuation for the year ended September 30, 2022.

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

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

	General Fund	Other Governmental Funds	Totals
Gross property taxes receivable	\$474,445	\$35,032	\$509,477
Allowance for uncollectible taxes	(129,842)	(9,587)	(139,429)
Net property taxes receivable	<u>\$344,603</u>	<u>\$25,445</u>	<u>\$370,048</u>

Of the \$370,048 of net property taxes receivable at September 30, 2022, the County expects to collect approximately \$100,000 within a year. This is similar to the delinquent taxes received in previous years.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

E. CAPITAL ASSETS

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

Governmental Activities:	Balance 10/1/2021	Additions	Retirements	Adjustments	Balance 9/30/2022
Capital assets not being depreciated:					
Land	\$ 711,731	\$ -	\$ -	\$ -	\$ 711,731
Capital assets being depreciated:					
Buildings and improvements	16,955,228	-	-	-	16,955,228
Machinery and equipment	9,036,855	944,438	671,943	-	9,309,350
Infrastructure	3,762,163	-	-	-	3,762,163
Total capital assets being depreciated	29,754,246	944,438	671,943	-	30,026,741
Less accumulated depreciation for:					
Buildings and improvements	5,323,425	290,726	-	-	5,614,151
Machinery and equipment	3,882,916	860,223	284,331	-	4,458,808
Infrastructure	1,818,910	107,491	-	-	1,926,401
Total accumulated depreciation	11,025,251	1,258,440	284,331	-	11,999,360
Total capital assets being depreciated, net	18,728,995	(314,002)	387,612	-	18,027,381
Governmental activities capital assets, net	\$19,440,726	(\$ 314,002)	\$ 387,612	\$ -	\$18,739,112

Depreciation expense was charged to departments of the County as follows:

Nondepartmental Costs	\$ 39,198
Elections	57,993
Courthouse Maintenance	1,045
Constables	1,164
Sheriff, Dispatch and Jail	415,262
911 mapping	1,059
Fort Belknap	11,069
Road and Bridge	731,650
Total governmental depreciation	<u>\$1,258,440</u>

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 29,679	Short-term borrowings
General Fund	Agency Funds	59,338	Fee account balances
Other Governmental Funds	General Fund	5,382	Short-term borrowings
Other Governmental Funds	Agency Funds	16,092	Fee account balances
Agency Funds	Agency Funds	10,090	Fee account balances
	Total	<u>\$120,581</u>	

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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

Interfund transfers during the year ended September 30, 2022 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$2,442,835	Supplement other resources
General Fund	Other Governmental Funds	<u>110,000</u>	Supplement other resources
	Total	<u>\$2,552,835</u>	

G. LONG-TERM OBLIGATIONS

The County issued bonded debt and lease financing payables to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

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

<u>Governmental Activities:</u>	<u>Balance</u> <u>10/1/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2022</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable	\$1,520,000	\$ -	\$ 750,000	\$ 770,000	\$ 770,000
Bond premium	23,342	-	17,481	5,861	5,861
Lease financing payables	2,281,343	-	470,636	1,810,707	444,286
Compensated absences *	<u>95,182</u>	<u>241,438</u>	<u>238,398</u>	<u>98,222</u>	<u>98,222</u>
Totals	<u>\$3,919,867</u>	<u>\$ 241,438</u>	<u>\$1,476,515</u>	<u>\$2,684,790</u>	<u>\$1,318,369</u>

* Compensated absences are generally liquidated by the General Fund.

Bonds Payable

Bonds payable at September 30, 2022 are comprised of the following issues:

	<u>Original</u> <u>Debt</u>	<u>Range of</u> <u>Interest</u> <u>Rates</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>9/30/2022</u>
General Obligation Refunding	\$5,080,000	2.00% -	2/15/2023	\$770,000
Bonds, Series 2014		3.00%		
Related bond premium				<u>5,861</u>
Total				<u>\$775,861</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Debt service requirements on the bonds payable at September 30, 2022 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$775,861</u>	<u>\$11,500</u>	<u>\$787,361</u>
Totals	<u>\$775,861</u>	<u>\$11,500</u>	<u>\$787,361</u>

Lease Financing Payables

Lease financing payables at September 30, 2022 are as follows:

	<u>Original</u> <u>Debt</u>	<u>Interest</u> <u>Rates</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>9/30/2022</u>
2018 Kubota Skid Steer – Prec. #2	\$ 68,064	3.65%	8/22/2023	\$ 11,388
2018 CAT Backhoe – Prec. #4	112,250	3.65%	9/24/2023	16,578
2020 Ford F150 – Sheriff's Dept.	54,817	2.65%	9/21/2023	23,811
2020 Chevy Tahoe – Sheriff's Dept.	48,884	2.65%	9/21/2023	21,729
2020 Chevy Tahoe – Sheriff's Dept.	48,484	2.65%	9/21/2023	21,588
2019 Kubota Excavator – Prec. #4	97,918	3.65%	11/1/2024	54,630
2021 Mack Truck – Prec. #2	128,906	2.65%	1/24/2024	100,365
2022 Mack Truck – Prec. #3	46,029	2.50%	8/2/2024	31,063
2022 Mack Truck – Prec. #3	46,029	2.50%	8/2/2024	31,063
2021 Chevy Tahoe – Sheriff's Dept.	60,623	2.60%	9/1/2024	44,179
2021 Chevy Tahoe – Sheriff's Dept.	64,108	2.60%	9/1/2024	46,533
2021 Chevy Tahoe – Sheriff's Dept.	64,108	2.60%	9/1/2024	46,533
2021 Chevy Tahoe – Sheriff's Dept.	60,255	2.60%	9/1/2024	43,931
2021 Chevy Express Van 3500 – Jail	41,734	2.60%	9/13/2026	33,810
2021 Mack Truck – Prec. #4	128,686	2.35%	12/17/2023	114,210
2021 Mack Truck – Prec. #4	128,686	2.35%	12/17/2023	114,210
2020 Dodge Ram 4500 – Prec. #4	68,560	2.35%	1/15/2023	19,504
2021 Mack Truck – Prec. #2	128,643	2.65%	9/3/2024	114,552
2021 John Deere 2720 Tractor – Prec. #4	42,700	2.65%	5/17/2024	28,797
2021 CAT 150 Motorgrader – Prec. #2	276,721	2.35%	7/23/2024	223,838
2021 Kubota Motorgrader – Prec. #1	184,495	2.50%	2/15/2026	120,504
2021 Kubota Motorgrader – Prec. #1	192,575	2.50%	2/15/2026	120,504
2021 John Deere 670G Motorgrader– Prec. #1	237,345	2.75%	6/15/2024	193,863
2021 John Deere 670G Motorgrader– Prec. #4	283,026	2.75%	4/27/2024	<u>233,524</u>
Total				<u>\$1,810,707</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Debt service requirements on the lease financing payables at September 30, 2022 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 444,286	\$ 46,729	\$ 491,015
2024	1,206,733	34,978	1,241,711
2025	88,402	4,227	92,629
2026	<u>71,286</u>	<u>1,791</u>	<u>73,077</u>
Totals	<u>\$1,810,707</u>	<u>\$ 87,725</u>	<u>\$1,898,432</u>

Total Long-Term Debt

Debt service requirements for all long-term debt at September 30, 2022 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$1,220,147	\$ 58,229	\$1,278,376
2024	1,206,733	34,978	1,241,711
2025	88,402	4,227	92,629
2026	<u>71,286</u>	<u>1,791</u>	<u>73,077</u>
Totals	<u>\$2,586,568</u>	<u>\$ 99,225</u>	<u>\$2,685,793</u>

H. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. During fiscal year 2022, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

I. CONTINGENT LIABILITIES AND COMMITMENTS

Grant Awards

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Litigation

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

Trust Funds

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

J. DEFINED BENEFIT PENSION PLAN

1. Plan Description

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

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

2. Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	139
Active employees	108

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

3. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.36% for the months of the accounting year in 2021, and 8.66% for the months of the accounting year in 2022.

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

4. Net Pension Asset

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

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2021 were based on the results of an actuarial experience investigation of TCDRS over the years 2017-2020, except where required to be different by GASB 68.

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

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation.

The capital market assumptions and information shown below are based on January 2022 information for a 10-year time horizon.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

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

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Discount Rate

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

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2020	\$25,524,233	\$25,228,739	\$ 295,494
Changes for the year:			
Service cost	585,851	-	585,851
Interest on total pension liability	1,937,017	-	1,937,017
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(9,145)	-	(9,145)
Effect of assumptions changes or inputs	(136,914)	-	(136,914)
Refund of contributions	(48,543)	(48,543)	-
Benefit payments	(1,220,731)	(1,220,731)	-
Administrative expense	-	(16,296)	16,296
Member contributions	-	323,546	(323,546)
Net investment income	-	5,477,226	(5,477,226)
Employer contributions	-	386,404	(386,404)
Other	<u>4 -</u>	<u>(8,899)</u>	<u>8,899</u>
Balances as of December 31, 2021	<u>\$26,631,768</u>	<u>\$30,121,446</u>	<u>(\$3,489,678)</u>

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability (asset)	<u>(\$423,198)</u>	<u>(\$3,489,678)</u>	<u>(\$6,104,368)</u>

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YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Pension Expense

	<u>January 1, 2021 to December 31, 2021</u>
Service cost	\$ 585,851
Interest on total pension liability ⁽¹⁾	1,937,017
Effect of plan changes	-
Administrative expenses	16,296
Member contributions	(323,546)
Expected investment return net of investment expenses	(1,895,579)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(114,720)
Recognition of assumption changes or inputs	376,885
Recognition of investment gains or losses	(998,585)
Other ⁽²⁾	<u>8,899</u>
Pension expense	<u>(\$ 407,482)</u>

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

⁽²⁾ Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 99,616
Changes of assumptions	422,524	91,276
Net difference between projected and actual earnings	-	3,459,279
Contributions made subsequent to measurement date	<u>318,553</u>	<u>-</u>
Total	<u>\$741,077</u>	<u>\$3,650,171</u>

\$318,553 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset for the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2022	(\$ 466,718)
2023	(1,219,269)
2024	(825,330)
2025	(716,330)

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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

1. Plan Description

Any employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical. The retired employee may continue coverage for dependents as well. Premiums for the retired employee and any dependents are paid by the retired employee. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

2. Demographic Information

<u>Status</u>	<u>9/30/22</u>
Active – Employee Only	77
Active – Employee and Dependent	16
Retired – Employee Only	0
Retired – Employee and Dependent	0

3. Actuarial Methods and Assumptions Used for GASB Calculations

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

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from \$10,208 at age 50 to \$14,423 at age 64.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2021

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full contribution rate for the medical and life insurance and dental coverage.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 20% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.
Valuation Date	September 30, 2022
Measurement Date	September 30, 2022

4. Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance as of September 30, 2021	\$72,452
Changes for the year:	
Service cost	6,847
Interest cost	1,792
Changes of benefit terms	-
Differences between expected and actual experience	(20,787)
Changes in assumptions	(13,614)
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	-
Administrative expense	-
Balance as of September 30, 2022	<u>\$46,690</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

Sensitivity Analysis of the Discount and Trend Rate

Discount Rate

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

	1% Decrease <u>3.77%</u>	Current Discount Rate <u>4.77%</u>	1% Increase <u>5.77%</u>
Total OPEB liability	<u>\$51,717</u>	<u>\$46,690</u>	<u>\$42,173</u>

Trend Rate

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

	1% Decrease <u>3.50%</u>	Current Trend Rate <u>4.50%</u>	1% Increase <u>5.50%</u>
Total OPEB liability	<u>\$40,507</u>	<u>\$46,690</u>	<u>\$54,116</u>

5. *OPEB Expense*

	October 1, 2021 to September 30, 2022
Service cost	\$6,847
Interest cost (including interest on Service Cost)	1,792
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	(5,030)
Changes in assumptions or other inputs	(1,931)
Other changes, if significant	-
Difference of projected investment earnings	-
Total OPEB expense as of September 30, 2022	<u>\$1,678</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2022

6. *Deferred Outflows / Inflows of Resources*

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 847	\$26,742
Changes of assumptions/inputs	2,158	14,610
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$3,005</u>	<u>\$41,352</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2023	(\$6,961)
2024	(6,961)
2025	(8,433)
2026	(6,836)
2027	(5,565)
2028+	(3,591)

L. JUDICIAL ASSESSMENT RECEIVABLES

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

M. COVID-19 PANDEMIC

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

State and local governments placed restrictions on the operations of businesses and public gatherings to promote health and slow the spread of the virus. The federal government passed several appropriations to address the negative economic impact caused by these restrictions. The County received and expended \$762,734 in pandemic relief federal grant awards during the year ended September 30, 2022. The County also received \$2,735,597 in pandemic relief federal awards that had not been expended by September 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Commissioners Court Minutes

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 6,603,303	\$ 6,603,303	\$ 7,378,044	\$ 774,741
Sales taxes	1,200,000	1,200,000	1,722,725	522,725
Occupancy taxes	70,000	70,000	94,338	24,338
Mixed beverage tax	35,000	35,000	30,511	(4,489)
Licenses, fees and fines	774,220	774,220	725,232	(48,988)
Other governmental reimbursements	1,263,966	1,263,966	1,115,834	(148,132)
Auto registration	510,000	510,000	497,890	(12,110)
Surtax on auto registration	190,000	190,000	196,280	6,280
Federal and state grants	825,197	825,197	294,416	(530,781)
Wind farm revenue	93,750	93,750	-	(93,750)
Interest earned	72,700	72,700	35,223	(37,477)
Other revenue	156,400	156,400	229,815	73,415
Total revenues	11,794,536	11,794,536	12,320,308	525,772
Expenditures				
County judge	161,313	161,313	156,413	4,900
County clerk	261,377	261,377	258,141	3,236
Veteran service	22,926	22,926	22,975	(49)
Homeland security	19,936	19,936	480	19,456
Nondepartmental costs	434,675	392,711	192,885	199,826
Computer department	152,733	152,733	84,732	68,001
County/District court	628,829	628,829	380,627	248,202
District clerk	218,273	218,273	191,782	26,491
Justices of the peace	341,692	341,692	342,527	(835)
District judge	72,333	72,333	67,147	5,186
County attorney	266,036	266,036	258,805	7,231
District attorney	302,169	302,169	286,968	15,201
Elections	398,985	398,985	137,517	261,468
County auditor	223,481	223,481	224,393	(912)
County treasurer	147,143	147,143	145,601	1,542
Tax assessor/collector	495,881	495,881	480,445	15,436
Courthouse maintenance	235,745	235,745	266,517	(30,772)
Annex maintenance	19,400	19,400	16,981	2,419
Ambulance	204,000	204,000	204,000	-
Constables	79,376	79,376	77,022	2,354
Department of public safety and game warden	6,500	6,500	6,055	445
Sheriff, dispatch and jail	3,202,457	3,202,457	3,046,658	155,799
911 mapping	79,658	79,658	60,861	18,797
Adult probation	520,792	520,792	498,175	22,617
Juvenile probation	629,733	629,733	642,855	(13,122)
Pauper services	14,000	14,000	17,100	(3,100)
Fort Belknap	117,721	117,721	149,746	(32,025)
Agricultural extension agent	31,716	31,716	31,849	(133)
Home economics agent	31,056	31,056	23,871	7,185
TAEX office	64,262	64,262	65,160	(898)
Employee benefits	79,035	79,035	61,607	17,428
District court reporter	115,753	115,753	116,246	(493)
Road and bridge	2,721,494	2,721,494	1,910,382	811,112
Hospital and medical costs	100,000	100,000	240,521	(140,521)
Medical administrative costs	78,000	78,000	78,626	(626)

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Capital outlay	265,500	307,464	526,014	(218,550)
Debt service - principal	442,650	442,650	469,828	(27,178)
Debt service - interest	70,031	70,031	55,702	14,329
Total expenditures	13,256,661	13,256,661	11,797,214	1,459,447
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	(1,462,125)	(1,462,125)	523,094	1,985,219
Other sources and (uses):				
Proceeds from sale of capital assets	2,000	2,000	294,752	292,752
Transfers in	2,442,835	2,442,835	2,442,835	-
Transfers out	(2,442,835)	(2,442,835)	(2,552,835)	(110,000)
Total other sources and (uses)	2,000	2,000	184,752	182,752
Net change in fund balances	(1,460,125)	(1,460,125)	707,846	2,167,971
Fund balances, beginning of year	9,589,757	9,589,757	9,589,757	-
Fund balances, end of year	\$ 8,129,632	\$ 8,129,632	\$ 10,297,603	\$ 2,167,971

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
AMERICAN RESCUE GRANT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Federal and state grants	\$ 3,498,431	\$ 3,498,431	\$ 762,734	\$ (2,735,697)
Interest earned	2,500	2,500	3,544	1,044
Total revenues	<u>3,500,931</u>	<u>3,500,931</u>	<u>766,278</u>	<u>(2,734,653)</u>
Expenditures				
ARPA	<u>3,500,931</u>	<u>3,500,931</u>	<u>762,734</u>	<u>2,738,197</u>
Total expenditures	<u>3,500,931</u>	<u>3,500,931</u>	<u>762,734</u>	<u>2,738,197</u>
Net change in fund balances	-	-	3,544	3,544
Fund balances, beginning of year	<u>733</u>	<u>733</u>	<u>733</u>	-
Fund balances, end of year	<u>\$ 733</u>	<u>\$ 733</u>	<u>\$ 4,277</u>	<u>\$ 3,544</u>

YOUNG COUNTY, TEXAS

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

	2021	2020	2019	2018
Total Pension Liability				
Service cost	\$ 585,851	\$ 541,462	\$ 515,223	\$ 495,248
Interest on total pension liability	1,937,017	1,887,337	1,799,404	1,730,212
Effect of plan changes	-	-	-	-
Effect of plan changes or inputs	(136,915)	1,267,570	-	-
Effect of economic/demographic (gains) or losses	(9,145)	(280,557)	(54,457)	(272,341)
Benefit payments/refunds of contributions	(1,269,274)	(1,276,286)	(1,128,255)	(1,109,825)
Net change in total pension liability	1,107,534	2,139,526	1,131,915	843,294
Total pension liability, beginning	25,524,234	23,384,708	22,252,793	21,409,499
Total pension liability, ending (a)	<u>\$ 26,631,768</u>	<u>\$ 25,524,234</u>	<u>\$ 23,384,708</u>	<u>\$ 22,252,793</u>
Fiduciary Net Position				
Employer contributions	\$ 386,404	\$ 389,778	\$ 377,444	\$ 359,307
Member contributions	323,546	317,635	310,474	299,424
Investment income net of investment expenses	5,477,224	2,417,560	3,369,221	(403,645)
Benefit payments/refunds of contributions	(1,269,274)	(1,276,286)	(1,128,255)	(1,109,825)
Administrative expenses	(16,296)	(18,460)	(17,842)	(16,477)
Other	(8,898)	(14,513)	(11,814)	(11,231)
Net change in fiduciary net position	4,892,706	1,815,714	2,899,228	(882,447)
Fiduciary net position, beginning	25,228,740	23,413,026	20,513,798	21,396,245
Fiduciary net position, ending (b)	<u>\$ 30,121,446</u>	<u>\$ 25,228,740</u>	<u>\$ 23,413,026</u>	<u>\$ 20,513,798</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (3,489,678)</u>	<u>\$ 295,494</u>	<u>\$ (28,318)</u>	<u>\$ 1,738,995</u>
Fiduciary net position as a % of total pension liability	<u>113.10%</u>	<u>98.84%</u>	<u>100.12%</u>	<u>92.19%</u>
Covered payroll	<u>\$ 4,622,081</u>	<u>\$ 4,537,637</u>	<u>\$ 4,435,347</u>	<u>\$ 4,277,481</u>
Net pension liability as a % of covered payroll	<u>-75.50%</u>	<u>6.51%</u>	<u>-0.64%</u>	<u>40.65%</u>

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

2017	2016	2015	2014	2013	2012
\$ 504,052	\$ 518,903	\$ 509,318	\$ 481,281	N/A	N/A
1,644,083	1,550,621	1,500,140	1,419,896	N/A	N/A
-	-	(48,149)	-	N/A	N/A
113,088	-	204,806	-	N/A	N/A
(59,356)	(24,375)	(345,621)	(9,477)	N/A	N/A
(1,148,917)	(1,133,284)	(1,117,345)	(870,631)	N/A	N/A
1,052,950	911,865	703,149	1,021,069	N/A	N/A
20,356,549	19,444,684	18,741,535	17,720,466	N/A	N/A
<u>\$ 21,409,499</u>	<u>\$ 20,356,549</u>	<u>\$ 19,444,684</u>	<u>\$ 18,741,535</u>	<u>N/A</u>	<u>N/A</u>
\$ 334,280	\$ 380,529	\$ 385,358	\$ 387,237	N/A	N/A
288,885	292,072	288,813	276,598	N/A	N/A
2,787,620	1,348,459	84,601	1,211,550	N/A	N/A
(1,148,917)	(1,133,284)	(1,117,346)	(870,631)	N/A	N/A
(14,229)	(14,652)	(13,228)	(13,929)	N/A	N/A
(7,180)	46,876	31,954	(36,635)	N/A	N/A
2,240,459	920,000	(339,848)	954,190	N/A	N/A
19,155,786	18,235,786	18,575,634	17,621,444	N/A	N/A
<u>\$ 21,396,245</u>	<u>\$ 19,155,786</u>	<u>\$ 18,235,786</u>	<u>\$ 18,575,634</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 13,254</u>	<u>\$ 1,200,763</u>	<u>\$ 1,208,898</u>	<u>\$ 165,901</u>	<u>N/A</u>	<u>N/A</u>
<u>99.94%</u>	<u>94.10%</u>	<u>93.78%</u>	<u>99.11%</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 4,126,934</u>	<u>\$ 4,172,463</u>	<u>\$ 4,125,904</u>	<u>\$ 3,951,400</u>	<u>N/A</u>	<u>N/A</u>
<u>0.32%</u>	<u>28.78%</u>	<u>29.30%</u>	<u>4.20%</u>	<u>N/A</u>	<u>N/A</u>

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2013	\$ 348,456	\$ 348,456	\$ -	\$ 3,726,814	9.3%
2014	387,237	387,237	-	3,951,400	9.8%
2015	385,358	385,358	-	4,125,904	9.3%
2016	380,529	380,529	-	4,172,463	9.1%
2017	334,280	334,280	-	4,126,934	8.1%
2018	350,993	350,993	-	4,218,852	8.3%
2019	369,409	369,409	-	4,356,252	8.5%
2020	404,686	404,686	-	4,722,961	8.6%
2021	384,935	384,935	-	4,574,703	8.4%
2022	413,002	413,002	-	4,808,216	8.6%

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

YOUNG COUNTY, TEXAS

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

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 6,847	\$ 6,426	\$ 6,789	\$ 5,576
Interest cost	1,792	1,841	2,396	3,060
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(20,787)	(9,319)	(5,300)	2,527
Changes in assumptions	(13,614)	14	(5,938)	6,424
Other changes	-	-	-	-
Contributions-employer	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	-	(3,807)	(7,836)	(11,559)
Administrative expense	-	-	-	-
Net change in total OPEB liability	(25,762)	(4,845)	(9,889)	6,028
Total OPEB liability, beginning	72,452	77,297	87,186	81,158
Total OPEB liability, ending	<u>\$ 46,690</u>	<u>\$ 72,452</u>	<u>\$ 77,297</u>	<u>\$ 87,186</u>
Covered payroll	<u>\$ 3,587,947</u>	<u>\$ 3,469,824</u>	<u>\$ 3,363,926</u>	<u>\$ 3,430,739</u>
Net OPEB liability as a % of covered payroll	<u>1.30%</u>	<u>2.09%</u>	<u>2.30%</u>	<u>2.54%</u>

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

2018	2017	2016	2015	2014	2013
\$ 5,358	N/A	N/A	N/A	N/A	N/A
3,307	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
(7,220)	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
1,445	N/A	N/A	N/A	N/A	N/A
79,713	N/A	N/A	N/A	N/A	N/A
\$ 81,158	N/A	N/A	N/A	N/A	N/A
\$ 3,073,162	N/A	N/A	N/A	N/A	N/A
2.64%	N/A	N/A	N/A	N/A	N/A

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

A. BUDGETARY INFORMATION

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

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

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

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

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2022, expenditures exceeded appropriations in the General Fund in fourteen functional categories as follows:

Veteran service	\$ 49
Justices of the peace	835
County auditor	912
Courthouse maintenance	30,772
Juvenile probation	13,122
Pauper services	3,100
Fort Belknap	32,025
Agricultural extension agent	133
TAEX office	898
District court reporter	493
Hospital and medical costs	140,521
Medical administrative costs	626
Capital outlay	218,550
Debt service – principal	27,178

These over-expenditures were funded by available fund balance.

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

C. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.7 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule.

D. YOUNG COUNTY RETIREE HEALTH CARE PLAN

There were no changes to benefit terms or assumptions during the year except for the discount rate which increased from 2.26% to 4.77%.