

ANNUAL FINANCIAL REPORT

**COUNTY OF KENDALL,
TEXAS**

Boerne, Texas

**For the Year Ended
September 30, 2021**

KENDALL COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2021

KENDALL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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NEFFENDORF & BLOCKER, P.C.

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Kendall
Boerne, TX 78006

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kendall County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kendall County, Texas, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in net pension liability and related ratios and the schedule of employer contributions on pages 3 through 9 and 42 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kendall County's basic financial statements. The combining nonmajor and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor and fiduciary fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and fiduciary fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022, on our consideration of Kendall 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 Kendall 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 Kendall County's internal control over financial reporting and compliance.

Neffendorf + Blocker, P.C.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas
March 14, 2022

KENDALL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

As management of Kendall County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended September 30, 2021. Please read it in conjunction with the independent auditors' report on page 1, and the County's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$58,501,428 (Net Position). Of this amount, \$18,593,759 (Unrestricted Net Position) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's Net Position increased by \$5,643,923 as a result of this year's operations.
- At September 30, 2021, the County's governmental funds reported combined ending fund balances of \$25,747,067, an increase of \$5,654,302 in comparison with the prior year.
- At September 30, 2021, the unassigned fund balance of the general fund was \$19,563,624 or 68% percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 - 11). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 13 - 20) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the County.

The notes to the financial statements (starting on page 21) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer Contributions are presented as required supplementary information on pages 42, 43, 44, 46 and 47 respectively.

The combining statements for nonmajor funds and fiduciary funds beginning on page 48 contain even more information about the County's individual funds.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who pay for the costs of some programs and grants provided by the outside parties and agencies (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's Net Position and changes in them. The County's Net Position (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's Net Position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider other factors as well, such as changes in the County's customers or its property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County has one kind of activity:

➤ Governmental activity - Most of the County's basic services are reported here, including the public safety, roads and bridges, justice system, juvenile services, health and human services, culture and recreation, conservation and development and administration. Property taxes, grants, user charges, sales tax and investment earnings finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 13 - 20 provide detailed information about the most significant funds - not the County as a whole. Laws and contracts require the County to establish some funds, such as grants received from a government agency. The County's administration establishes many other funds to help it control and manage money for particular purposes.

➤ Governmental funds - Most of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and changes in Net Position (Table II) of the County's governmental activities.

Net Position of the County's governmental activities increased from \$52,857,505 to \$58,501,428. Unrestricted Net Position - the part of Net Position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$18,593,759 at September 30, 2021. This increase in governmental Net Position was the result of five factors. First, the County's revenues exceed the expenditures by \$5,654,302. Second, the County paid principal on long-term debt of \$2,305,000. Third, the County acquired capital assets in the amount of \$1,114,665. Fourth, the County recorded depreciation in the amounts of \$3,114,264. Fifth, a net increase of \$91,883 due to the required entries of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Table I
Kendall County, Texas

NET POSITION
in thousands

	Governmental Activities	
	2021	2020
Current and Other Assets	\$ 33,170	\$ 23,649
Capital Assets	55,309	57,309
Total Assets	<u>\$ 88,479</u>	<u>\$ 80,958</u>
Deferred Charge for Refunding	\$ -	\$ 8
Deferred Outflow Related to Pension Plan	3,552	1,240
Total Deferred Outflows of Resources	<u>\$ 3,552</u>	<u>\$ 1,248</u>
Noncurrent Liabilities	\$ 19,144	\$ 24,619
Net Pension Liability	2,755	986
Other Liabilities	10,256	2,821
Total Liabilities	<u>\$ 32,155</u>	<u>\$ 28,426</u>
Deferred Inflow Related to Pension Plan	<u>\$ 1,375</u>	<u>\$ 923</u>
Net Position		
Net Investment in Capital Assets	\$ 33,724	\$ 33,360
Restricted	6,183	4,867
Unrestricted	18,594	14,630
Total Net Position	<u>\$ 58,501</u>	<u>\$ 52,857</u>

Table II
Kendall County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2021	2020
Revenues		
Charges for Services	\$ 7,298	\$ 6,854
Property Taxes	26,349	24,755
Sales Tax	4,729	4,135
Other Taxes	30	30
Penalty & Interest	185	194
Investment Earnings	32	330
Miscellaneous	519	137
Grant and Contributions	1,216	2,676
Total Assets	\$ 40,358	\$ 39,111
Expenses		
Financial Administration	\$ 1,008	\$ 958
General Administration	2,039	1,899
Tax Administration	939	906
Election Services	403	447
Facilities Management	1,524	1,371
Law Enforcement	6,694	6,061
Fire Protection	1,241	1,306
Corrections	4,062	3,315
Roads and Bridges	4,151	5,130
Sanitation	387	420
Justice System	5,259	4,688
Juvenile Services	254	418
Health and Human Services	3,493	3,305
Culture and Recreation	1,318	1,296
Conservation and Development	1,384	1,444
Debt Service	558	633
Total Liabilities	\$ 34,714	\$ 33,597
Increase (Decrease) in Net Position	\$ 5,644	\$ 5,514
Net Position- Beginning of Year	52,857	47,347
Prior Period Adjustment	-	(4)
Net Position- End of Year	\$ 58,501	\$ 52,857

The cost of all governmental activities this year was \$34,713,597. However, as shown in the Statement of Activities on page 11, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$26,349,101 because the other costs were paid by sales tax (\$4,728,743), grants and contributions (\$1,216,396), user charges (\$7,297,567), investment earnings (\$31,766) and other general revenue (\$733,947).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$25,747,067, which is more than last year's total of \$20,092,765. Included in this year's total change in fund balance is an increase of \$4,338,536 in the County's General Fund. The primary reason for the General Fund's increase mirrors the governmental activities analysis highlighted on page 5.

The Commissioner's Court adopted the General Fund and Road and Bridge Budgets. For the General Fund, the original budget anticipated expenditures to exceed revenues and other sources, and the final budget anticipated expenditures and other financing uses to equal revenues and other financing sources. Revenues were favorable to budget by \$576,102; expenditures were favorable to budget by \$3,934,362 and other financing sources and uses were unfavorable to budget by \$171,928; resulting in a net favorable variance of \$4,338,536. For the Road and Bridge Fund, the original and final budget anticipated expenditures to exceed revenues and other sources by \$421,088. Actual revenues were more than budgeted estimates by \$6,311. Actual expenditures were less than budgeted estimates by \$1,688,559 and other financing sources were less than budgeted estimates by \$18,267. The net effect is a variance of \$1,670,292.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2021, the County had \$55,308,803 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. This amount represents a net decrease of \$1,999,806 or 3%.

CAPITAL ASSETS

in thousands

	Governmental Activities	
	2021	2020
Land	\$ 8,458	\$ 8,458
Construction in Progress	41	26,309
Buildings & Improvements	48,701	22,205
Infrastructure	82,748	82,327
Machinery & Equipment	8,780	8,705
Vehicles	5,329	5,393
Total Capital Assets	\$ 154,057	\$ 153,397
Accumulated Depreciation	(98,748)	(96,089)
Capital Assets, Net	<u>55,309</u>	<u>57,308</u>

This year's major additions included:

Law Enforcement Center Project	\$	185,811
Equipment		213,381
Vehicles		253,270
New Road Construction		421,174
Construction in Progress		41,029
Total	\$	<u>1,114,665</u>

More detailed information about the County's capital assets is presented in Note 3.D. to the financial statements.

DEBT

At September 30, 2021, the County had the following outstanding debt:

OUTSTANDING DEBT in thousands

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Bonds & Notes Payable	\$ 21,584,577	\$ 23,908,325
Net Pension Liability	2,754,956	986,165
Compensated Absences	917,048	711,312
Total	\$ <u>25,256,581</u>	\$ <u>25,605,802</u>

At year-end the County had \$21,584,577 in general obligation and refunding bonds outstanding and notes payable; a decrease of \$2,323,748 or 10% from the prior year. The County paid \$2,305,000 in principal on the outstanding long-term debt.

More detailed information about the County's long-term liabilities is presented in Note 3.F. to the financial statements.

FUTURE ADOPTION OF ACCOUNTING POLICIES

The GASB has issued the following potentially significant statements which the County has not yet adopted, and which require adoption subsequent to September 30, 2021.

<u>Statement No.</u>	<u>Title</u>	<u>Adoption Required</u>
87	Leases	September 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2022 budget and tax rates. The major factors are the economy, population growth, and assessed property valuation. These indicators were taken into account when adopting the General Fund and Road and Bridge Fund budgets for 2022. Amounts available for appropriation in the General Fund budget are \$35,980,092 and expenditures are estimated to be \$39,678,415. If these estimates are realized, the County's budgetary General fund balance is expected to decrease by \$3,698,323 for fiscal year 2022. Amounts available for appropriation in the Road and Bridge Fund budget are \$3,346,000 and expenditures are estimated to be \$4,438,494. If these estimates are realized, the County's budgetary Road and Bridge Fund balance is expected to decrease by \$1,092,494 for fiscal year 2022.

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 show 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 or Commissioners' Court, at Kendall County, Texas, Boerne, Texas.

BASIC FINANCIAL STATEMENTS

KENDALL COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 4,416,285
Investments - Current	26,764,933
Accounts Receivable, Net	1,979,244
Due from Other Governments	9,495
Due from Other Funds	101
Capital Assets:	
Land	8,458,241
Infrastructure, Net	6,266,272
Buildings, Net	34,495,256
Improvements other than Buildings, Net	3,773,684
Furniture and Equipment, Net	2,274,321
Construction in Progress	41,029
Total Assets	88,478,861
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	3,552,597
Total Deferred Outflows of Resources	3,552,597
LIABILITIES	
Accounts Payable	1,808,421
Wages and Salaries Payable	776,562
Compensated Absences Payable	925,950
Accrued Interest Payable	43,223
Unearned Revenues	4,261,799
Notes Payable - Current	90,108
Bonds Payable - Current	2,350,000
Noncurrent Liabilities:	
Due in More Than One Year:	
Debt Due in More Than One Year	18,967,902
Unamortized Premiums (Discounts) on Bonds	176,567
Net Pension Liability	2,754,956
Total Liabilities	32,155,488
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	1,374,542
Total Deferred Inflows of Resources	1,374,542
NET POSITION	
Net Investment in Capital Assets	33,724,226
Restricted:	
Restricted for Special Revenue	5,222,251
Restricted for Debt Service	961,192
Unrestricted	18,593,759
Total Net Position	\$ 58,501,428

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

KENDALL COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Financial Administration	\$ 1,007,552	\$ 46,064	\$ -
General Administration	2,038,924	1,837,569	401,843
Tax Administration	938,830	-	-
Facilities Administration	1,524,089	-	-
Election Services	403,236	24,463	-
Law Enforcement	6,694,149	80,839	135,623
Fire Protection	1,240,898	75,444	742
Corrections	4,061,622	-	-
Road and Bridge	4,151,088	3,163,075	60,304
Sanitation	387,581	277,410	-
Justice System	5,258,957	1,174,780	271,556
Juvenile Services	254,269	1,800	252,708
Health and Human Services	3,492,742	616,123	-
Culture and Recreation	1,317,295	-	-
Conservation and Development	1,384,224	-	-
Interest on Debt	556,435	-	-
Other Debt Service	1,706	-	-
TOTAL PRIMARY GOVERNMENT	\$ 34,713,597	\$ 7,297,567	\$ 1,122,776

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Penalty and Interest on Taxes

Grants and Contributions

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position-- Beginning

Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	
Capital Grants and Contributions		Governmental	
\$	-	\$	(961,488)
	-		200,488
	-		(938,830)
	-		(1,524,089)
	-		(378,773)
	-		(6,477,687)
	-		(1,164,712)
	-		(4,061,622)
	73,413		(854,296)
	-		(110,171)
	-		(3,812,621)
	-		239
	-		(2,876,619)
	-		(1,317,295)
	-		(1,384,224)
	-		(556,435)
	-		(1,706)
\$	<u>73,413</u>		<u>(26,219,841)</u>

23,538,868
2,810,233
4,728,743
30,169
185,119
20,207
518,659
31,766
<u>31,863,764</u>
5,643,923
52,857,505
<u>\$ 58,501,428</u>

KENDALL COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Road and Bridge Fund	Coronavirus Local Fiscal Recovery
ASSETS			
Cash and Cash Equivalents	\$ 921,667	\$ 2,455,731	\$ -
Investments - Current	18,667,224	1,447,189	4,606,732
Taxes Receivable	379,630	-	-
Allowance for Uncollectible Taxes (credit)	(7,593)	-	-
Accounts Receivable, Net	1,188,735	98,840	-
Due from Other Governments	-	-	-
Due from Other Funds	431,885	-	-
Total Assets	<u>\$ 21,581,548</u>	<u>\$ 4,001,760</u>	<u>\$ 4,606,732</u>
LIABILITIES			
Accounts Payable	\$ 876,859	\$ 908,482	\$ -
Wages and Salaries Payable	759,361	-	-
Due to Other Funds	-	-	354,326
Unearned Revenues	9,667	-	4,252,132
Total Liabilities	<u>1,645,887</u>	<u>908,482</u>	<u>4,606,458</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	372,037	-	-
Total Deferred Inflows of Resources	<u>372,037</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Federal or State Funds Grant Restriction	-	-	274
Restricted for Special Revenue	-	3,093,278	-
Retirement of Long-Term Debt	-	-	-
Unassigned Fund Balance	19,563,624	-	-
Total Fund Balances	<u>19,563,624</u>	<u>3,093,278</u>	<u>274</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 21,581,548</u>	<u>\$ 4,001,760</u>	<u>\$ 4,606,732</u>

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

Debt Service Fund	Capital Projects	Other Funds	Total Governmental Funds
\$ 69,062	\$ 14,160	\$ 955,665	\$ 4,416,285
890,676	-	1,153,112	26,764,933
58,245	-	-	437,875
(1,165)	-	-	(8,758)
1,455	-	114,006	1,403,036
-	-	9,495	9,495
80,892	-	-	512,777
<u>\$ 1,099,165</u>	<u>\$ 14,160</u>	<u>\$ 2,232,278</u>	<u>\$ 33,535,643</u>
\$ -	\$ -	\$ 23,080	\$ 1,808,421
-	-	17,201	776,562
80,892	14,160	63,298	512,676
-	-	-	4,261,799
<u>80,892</u>	<u>14,160</u>	<u>103,579</u>	<u>7,359,458</u>
57,081	-	-	429,118
<u>57,081</u>	<u>-</u>	<u>-</u>	<u>429,118</u>
-	-	513,388	513,662
-	-	1,615,311	4,708,589
961,192	-	-	961,192
-	-	-	19,563,624
<u>961,192</u>	<u>-</u>	<u>2,128,699</u>	<u>25,747,067</u>
<u>\$ 1,099,165</u>	<u>\$ 14,160</u>	<u>\$ 2,232,278</u>	<u>\$ 33,535,643</u>

KENDALL COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds	\$	25,747,067
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		32,648,868
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase net position.		3,419,665
The County reported their net pension liability in the Government Wide Statement of Net Position in accordance with GASB Statement No.68. The items reported as a result of this implementation included a Deferred Resource Outflow of \$3,552,597, a Net Pension Liability of \$2,754,956 and a Deferred Resource Inflow of \$1,374,542. The net effect of these was to decrease ending net position by \$576,901.		(576,901)
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(3,114,264)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		376,993
Net Position of Governmental Activities	\$	58,501,428

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

KENDALL COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Road and Bridge Fund	Coronavirus Local Fiscal Recovery
REVENUES:			
Taxes:			
Property Taxes	\$ 23,549,178	\$ -	\$ -
General Sales and Use Taxes	4,728,743	-	-
Other Taxes	30,169	-	-
Penalty and Interest on Taxes	162,207	-	-
Licenses and Permits	621,343	3,163,075	-
Intergovernmental Revenue and Grants	241,646	33,895	354,326
Charges for Services	2,436,893	-	-
Fines	560,562	-	-
Forfeits	72,135	-	-
Special Assessments	25,335	-	-
Investment Earnings	30,628	-	-
Rents and Royalties	12,233	-	-
Contributions & Donations from Private Sources	20,208	-	-
Other Revenue	205,550	341	274
Total Revenues	<u>32,696,830</u>	<u>3,197,311</u>	<u>354,600</u>
EXPENDITURES:			
Current:			
General Government:			
Financial Administration	920,760	-	-
General Administration	1,738,969	-	-
Tax Administration	846,606	-	-
Facilities Administration	1,419,820	-	-
Election Services	368,534	-	-
Public Safety:			
Law Enforcement	6,001,682	-	-
Fire Protection	1,138,230	-	-
Corrections	3,650,137	-	-
Public Works:			
Road and Bridge	2,344,820	1,949,840	-
Sanitation	351,904	-	-
Justice System	4,282,166	-	-
Juvenile Services	1,200	-	-
Health and Human Services	3,398,184	-	-
Culture and Recreation	1,255,178	-	-
Conservation and Development	1,211,431	-	-
Debt Service:			
Principal on Debt	-	-	-
Interest on Debt	-	-	-
Other Debt Service	-	-	-
Capital Outlay:			
Capital Outlay	-	-	-
Total Expenditures	<u>28,929,621</u>	<u>1,949,840</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,767,209</u>	<u>1,247,471</u>	<u>354,600</u>
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	41,887	1,733	-
Transfers In	303,694	-	-
Insurance Proceeds	225,746	-	-
Transfers Out	-	-	(354,326)
Total Other Financing Sources (Uses)	<u>571,327</u>	<u>1,733</u>	<u>(354,326)</u>
Net Change in Fund Balances	4,338,536	1,249,204	274
Fund Balance - October 1 (Beginning)	15,225,088	1,844,074	-
Fund Balance - September 30 (Ending)	<u>\$ 19,563,624</u>	<u>\$ 3,093,278</u>	<u>\$ 274</u>

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

Debt Service Fund	Capital Projects	Other Funds	Total Governmental Funds
\$ 2,817,815	\$ -	\$ -	\$ 26,366,993
-	-	-	4,728,743
-	-	-	30,169
22,912	-	-	185,119
-	-	-	3,784,418
-	-	566,321	1,196,188
-	-	343,511	2,780,404
-	-	256,564	817,126
-	-	8,704	80,839
-	-	-	25,335
880	4	254	31,766
-	-	-	12,233
-	-	-	20,208
-	-	30,428	236,593
<u>2,841,607</u>	<u>4</u>	<u>1,205,782</u>	<u>40,296,134</u>
-	-	-	920,760
-	-	122,192	1,861,161
-	-	9,780	856,386
-	-	-	1,419,820
-	-	-	368,534
-	-	43,855	6,045,537
-	-	-	1,138,230
-	-	-	3,650,137
-	-	13,923	4,308,583
-	-	-	351,904
-	-	464,555	4,746,721
-	-	226,833	228,033
-	-	27,016	3,425,200
-	-	-	1,255,178
-	-	59,490	1,270,921
2,305,000	-	-	2,305,000
572,250	-	-	572,250
1,706	-	-	1,706
-	185,811	-	185,811
<u>2,878,956</u>	<u>185,811</u>	<u>967,644</u>	<u>34,911,872</u>
<u>(37,349)</u>	<u>(185,807)</u>	<u>238,138</u>	<u>5,384,262</u>
-	-	674	44,294
-	-	64,792	368,486
-	-	-	225,746
-	(14,160)	-	(368,486)
-	(14,160)	65,466	270,040
<u>(37,349)</u>	<u>(199,967)</u>	<u>303,604</u>	<u>5,654,302</u>
<u>998,541</u>	<u>199,967</u>	<u>1,825,095</u>	<u>20,092,765</u>
<u>\$ 961,192</u>	<u>\$ -</u>	<u>\$ 2,128,699</u>	<u>\$ 25,747,067</u>

KENDALL COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	5,654,302
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase the change in net position.		3,419,665
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$2,152,563 and total debits to expenses were \$2,060,680. The net effect on the change in net position on Exhibit B-1 is an increase of \$91,883.		91,883
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(3,114,264)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(407,663)
Change in Net Position of Governmental Activities	\$	5,643,923

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

KENDALL COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Private Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 123,580	\$ 10,399,512
Investments - Current	-	22
Accounts Receivable, Net	4,290	68,595
Total Assets	<u>127,870</u>	<u>10,468,129</u>
LIABILITIES		
Accounts Payable	4,885	264,696
Intergovernmental Payable	-	107,610
Due to Other Funds	-	101
Due to Others	-	4,038,267
Total Liabilities	<u>4,885</u>	<u>4,410,674</u>
NET POSITION		
Restricted for Other Purposes	<u>122,985</u>	<u>6,057,455</u>
Total Net Position	<u>\$ 122,985</u>	<u>\$ 6,057,455</u>

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

KENDALL COUNTY, TEXAS
STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT E-2

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions & Donations from Private Sources	\$ 41,241	\$ -
Other Revenue	-	84,582,527
Total Additions	<u>41,241</u>	<u>84,582,527</u>
DEDUCTIONS:		
Other Operating Costs	<u>30,105</u>	<u>82,645,621</u>
Total Deductions	<u>30,105</u>	<u>82,645,621</u>
Net Change in Fiduciary Net Position	11,136	1,936,906
Total Net Position - October 1 (Beginning)	111,849	-
Prior Period Adjustment	-	4,120,549
Total Net Position - September 30 (Ending)	<u><u>\$ 122,985</u></u>	<u><u>\$ 6,057,455</u></u>

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

KENDALL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Kendall County have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

1.A. FINANCIAL REPORTING ENTITY

The County is an independent unit and is managed by a governing body of elected officials. The accompanying financial statements present the County's primary government.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there was no component units identified that would require inclusion in this report.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service of capital projects.

Debt Service Funds

Debt Service Fund are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general long-term debt of the County other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the County's debt.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Funds (Not included in government-wide statements)

Custodial Funds

Custodial Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the County. The County uses custodial funds to account for assets held in an agent capacity for other governments.

Private Purpose Trust Funds

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The reporting entity includes two private purpose trust funds.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor. The major funds are as follows:

Major Fund	Brief Description
General	See above for description.
Special Revenue Fund: Road and Bridge	Accounts for all road and bridge construction and maintenance activity.
Coronavirus Local Fiscal Recovery	Accounts for grant proceeds and related expenditures for funds appropriated from the American Rescue Plan Act.
Debt Service Fund	Accounts for collection of taxes to pay principal and interest on bonds.
Capital Projects Fund	Accounts for all activity concerning the LEC Construction Project.

Nonmajor funds consist of special revenue funds, debt service funds and capital project funds and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Custodial funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statement, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

1.D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Investments

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes demand deposit accounts and government investment pools. All amounts are considered available upon demand and are considered to be "cash equivalents."

Several funds may be invested in an investment account and each fund has an equity interest therein. Interest earned on the Investment of these monies is allocated based upon relative equity at month end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities relate to property taxes and court fines and fees.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants, and other intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Fixed Assets

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable.

Donated assets are recorded at their estimated fair value at the date of donation.

Pursuant to GASB Statement Number 34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, and similar items) acquired before the implementation date becomes effective. Therefore, not all infrastructure assets acquired prior to October 1, 2002 have been capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25 - 50 years
Improvements	10 - 50 years
Machinery and Equipment	3 - 20 years
Infrastructure	25 - 50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term Debt

All long term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bond and note payables and capital lease transactions.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

The County allows employees to accumulate vacation, sick leave, and comp time with certain limitations. Sick leave of twelve (12) days per year accumulates. Sick leave can accumulate up to (40) days to be paid only upon retirement and up to (20) days if the employee has at least 8 years of service with the County. Vacation leave accumulates up to twenty (20) days and is paid in full upon termination with at least one year of employment with Kendall County. Comp time accumulates up to (10) days and is paid in full upon termination. The County has adopted a policy of granting compensatory time off in lieu of cash payment for overtime work in compliance with the Fair Labor Standards Act. Comp-time is computed at one and one half (1 1/2) hours for every overtime hour worked and accumulated up to certain limits as defined by law. At September 30, 2021, the accumulated vacation, sick leave, and comp-time amounted to \$925,950. This amount will be liquidated in future years, and is reported as a liability in the government-wide statement of Net Position.

Equity Classifications

Government-wide Statements

Equity is classified as Net Position and displayed in three components:

- a. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position - Consists of Net Position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position - All other Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

The County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are in non-spendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. County Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the County Commissioners or by an official or body to which the County Commissioners delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The County Commissioners establish (and modify or rescind) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

Pensions

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

However, the total of the budgets for the General and certain Special Revenue Funds can be increased once the budgets are adopted.

Budgets for the Governmental Funds are prepared using the modified accrual basis of accounting. Unexpended appropriations (including outstanding encumbrances) lapse at the end of the fiscal year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

3.A. DEPOSITS AND INVESTMENTS

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

At September 30, 2021, the carrying amount of the County's deposits was \$8,934,608 and the bank balance was \$9,551,558. The County's cash deposits held at Frost National Bank at September 30, 2021 and during the year ended September 30, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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

Temporary investments consisted of certificates of deposits and government pool investments as follows:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
<u>Certificates of Deposits-</u>				
Texas Regional Bank	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Texas Heritage	249,000	249,000	249,000	-
Security State Bank & Trust	250,000	250,000	250,000	-
Hondo National Bank	250,000	250,000	250,000	-
Randolph Brooks FCU	245,000	245,000	245,000	-
Security Service FCU	250,000	250,000	250,000	-
<u>Liquid Asset Portfolio-</u>				
LOGIC	\$ 25,270,957	\$ 25,270,957	*	*
TOTAL INVESTMENTS	<u><u>26,764,957</u></u>	<u><u>26,764,957</u></u>		

*The County invests in Logic (a Local Government Investment Pool) to provide its primary liquidity needs. Logic is established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. Logic is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. Logic is rated AAAM and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2021, Logic had a weighted average maturity of 55 days and a net asset value of \$1.000063. The County considers the holdings in these funds to have a one-day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

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

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2021, the County was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

3.B. AD VALOREM TAXES RECEIVABLE

The County contracted with the Kendall County Appraisal District for the appraisal of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2020 tax roll, the total assessed valuation was \$6,822,491,377 and the taxes assessed amounted to \$27,003,885. The total tax rate was \$0.4127 per \$100 valuation and allocated \$0.360405 to Maintenance and Operations and \$0.052295 to Debt Service. The maximum tax levy allowed by State law for the above purposes is \$.80 per \$100 valuation.

Ad Valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Ad Valorem taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

Ad Valorem tax payments, received throughout the year, are recognized as revenue in the year received, except for those received within 60 days after year-end, which are recognized as revenue as of September 30, 2021.

The following is a summary, by major and nonmajor funds, of the gross taxes, the allowance for uncollectible taxes, and net taxes receivable.

	Taxes Receivable	Allowance for Uncollectible Taxes	Net Taxes Receivable
General Fund	\$ 379,630	\$ (7,593)	\$ 372,037
Debt Service Fund	58,245	(1,165)	57,080
 TOTAL- ALL FUNDS	 <u>\$ 437,875</u>	 <u>\$ (8,758)</u>	 <u>\$ 429,117</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report *unearned revenue* in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unavailable and unearned revenues* reported in the governmental funds were as follows:

General Fund	
Unavailable Revenue- Property Taxes	\$ 372,037
Unearned Revenue	9,667
Coronavirus Local & Fiscal Recovery	
Unearned Revenue	4,252,132
Debt Service	
Unavailable Revenue- Property Taxes	57,081
Total Unavailable & Unearned Revenue	<u>\$ 4,690,917</u>

3.C. COURT FINES, FEES AND EMS FEES RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees and EMS fees receivable to be \$588,365 which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts and departments, the County has booked an allowance for uncollectible court fines and fees and EMS fees of \$441,274 resulting in a net receivable of \$147,091.

3.D. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2021.

	Balance 09/30/20	Additions	Deletions	Balance 09/30/21
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,458,241	\$ -	-	\$ 8,458,241
Construction Work in Progress	26,309,113	41,029	(26,309,113)	41,029
Total Assets Not Being Depreciated	<u>34,767,354</u>	<u>41,029</u>	<u>(26,309,113)</u>	<u>8,499,270</u>
Capital Assets, Being Depreciated:				
Buildings	15,836,241	26,494,924		42,331,165
Improvements	6,369,145	-		6,369,145
Machinery & Equipment	8,704,915	213,381	(138,923)	8,779,373
Vehicles	5,393,432	253,270	(317,416)	5,329,286
Infrastructure	82,327,089	421,174		82,748,263
Total Capital Assets Being Depreciated	<u>118,630,822</u>	<u>27,382,749</u>	<u>(456,339)</u>	<u>145,557,232</u>
Less Accumulated Depreciation:				
Buildings	(6,837,637)	(998,272)		(7,835,909)
Improvements	(2,356,592)	(247,400)		(2,603,992)
Machinery & Equipment	(7,584,962)	(428,999)	138,716	(7,875,245)
Vehicles	(3,670,497)	(597,481)	317,416	(3,950,562)
Infrastructure	(75,639,879)	(842,112)		(76,481,991)
Total Accumulated Depreciation	<u>(96,089,567)</u>	<u>(3,114,264)</u>	<u>456,132</u>	<u>(98,747,699)</u>
Total Capital Assets Being Depreciated, Net	<u>22,541,255</u>	<u>24,268,485</u>	<u>(207)</u>	<u>46,809,533</u>
Governmental Activities Capital Assets, Net	<u>\$ 57,308,609</u>	<u>\$ 24,309,514</u>	<u>\$ (26,309,320)</u>	<u>\$ 55,308,803</u>

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

Governmental Activities:	
Financial Administration	\$ 86,570
General Administration	174,986
Tax Administration	80,517
Facilities Management	133,492
Election Services	34,650
Law Enforcement	569,881
Fire Protection	107,016
Corrections	388,726
Roads & Bridges	405,093
Sanitation	33,086
Justice System	510,992
Juvenile Services	24,533
Health & Human Services	322,037
Culture and Recreation	120,571
Conservation & Development	122,114
Total Depreciation Expense - Governmental Activities	<u>\$ 3,114,264</u>

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2021, is as follows:

Interfund Receivables and Payables

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 101	\$ -
Custodial Fund	<u>-</u>	<u>101</u>
 TOTAL	 <u>\$ 101</u>	 <u>\$ 101</u>

This balance results from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 303,694	\$
Coronavirus Local Fiscal Recovery		(354,326)
Capital Projects Fund		(14,160)
Nonmajor Special Revenue Fund	<u>64,792</u>	<u>-</u>
 TOTAL	 <u>\$ 368,486</u>	 <u>\$ (368,486)</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

3.F. LONG-TERM DEBT

Governmental Activities Changes in Long-Term Debt

As of September 30, 2021, the governmental long-term debt consisted of the following:

	Balance 10/1/2020	Issued	Retired	Balance 9/30/2021	Due Within One Year
Bonds Payable -					
Series 2007	\$ 475,000		\$ 225,000	\$ 250,000	\$ 250,000
Series 2013	2,895,000		810,000	2,085,000	1,000,000
Series 2014 Refunding	590,000		590,000	-	-
Series 2016	19,480,000		680,000	18,800,000	1,100,000
Total Bonds Payable	<u>\$ 23,440,000</u>	<u>\$ -</u>	<u>\$ 2,305,000</u>	<u>\$ 21,135,000</u>	<u>\$ 2,350,000</u>
Premium on Bonds	\$ 195,317		\$ 18,750	\$ 176,567	
Total Net Bonds Payable	<u>\$ 23,635,317</u>	<u>\$ -</u>	<u>\$ 2,323,750</u>	<u>\$ 21,311,567</u>	<u>\$ 2,350,000</u>
Note Payable -					
Nationwide Capital	\$ 273,010	\$ -	\$ -	\$ 273,010	\$ 90,108
Net Pension Liability	986,165	3,645,407	1,876,616	2,754,956	
Compensated Absences	<u>\$ 711,126</u>	<u>\$ 214,824</u>		<u>\$ 925,950</u>	
TOTAL LONG TERM DEBT	<u>\$ 25,605,618</u>	<u>\$ 3,860,231</u>	<u>\$ 4,200,366</u>	<u>\$ 25,265,483</u>	<u>\$ 2,440,108</u>

3.G. BONDS PAYABLE

Bonds payable at September 30, 2021 consists of the following:

	Balance at 9/30/2021	Due Within One Year
\$3,000,000 Limited Tax General Obligation Bonds, Series 2008 due in annual installments of \$155,000 to \$250,000 through March 1, 2022; interest on remaining bonds at 3.63% to 4.02%.	\$ 250,000	\$ 250,000
\$7,500,000 Unlimited Texas Tax Road Bonds, Series 2013 due in annual installments of \$595,000 to \$1,085,000 through March 1, 2023; interest on remaining bonds at 1.99%.	2,085,000	1,000,000
\$22,000,000 Limited Tax General Obligation Bonds, Series 2016 due in annual installments of \$585,000 to \$2,200,000 through March 1, 2031; interest on remaining bonds at 1.50% to 4.00%.	18,800,000	1,100,000
	<u>\$ 21,135,000</u>	<u>\$ 2,350,000</u>
Total Bonds Payable	<u>\$ 21,135,000</u>	<u>\$ 2,350,000</u>

The annual requirements for principal and interest on the outstanding bonds are as follows:

Year Ended September 30	Principal	Interest	Total
2022	2,350,000	502,567	\$ 2,852,567
2023	2,385,000	428,796	\$ 2,813,796
2024	2,200,000	348,000	\$ 2,548,000
2025	2,200,000	282,000	\$ 2,482,000
2026	2,000,000	240,000	\$ 2,240,000
2027-2031	10,000,000	500,000	\$ 10,500,000
Totals	<u>\$ 21,135,000</u>	<u>\$ 2,301,363</u>	<u>\$ 23,436,363</u>

3.H. NOTES PAYABLE

On August 14, 2020, the County entered into a loan agreement with Nationwide Capital, LLC to purchase election equipment. The loan is due in 3 annual installment of \$92,811 until October 1, 2023, interest rate at 0.99%. The annual debt service requirements are as follows:

Year End	Principal	Interest	Total
2022	\$ 90,108	\$ 2,703	\$ 92,811
2023	91,000	1,811	92,811
2024	91,902	909	92,811
Total	<u>\$ 273,010</u>	<u>\$ 5,423</u>	<u>\$ 278,433</u>

3.I. OPERATING LEASES

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2021, as follows:

Year Ended September 30,	
2022	\$ 50,385
2023	18,534
2024	-
2025	-
2026	-
	<u>\$ 68,918</u>
Rental Expenditures in Fiscal Year 2021	<u>\$ 59,796</u>

NOTE 4 - OTHER NOTES

4.A. RETIREMENT PLAN

Plan Description

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Kendall County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 160%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Kendall County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2020 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, TCDRS.org/Employer.

Members covered by benefit terms.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	163
Active employees	285
	<hr style="width: 100%; border: 0.5px solid black;"/>
	580

Contributions

A combination of three elements fund each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and cost based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

The contribution rate payable by the employee members for calendar year 2020 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2021 were \$1,217,427, and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal (1)
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smooth period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%

Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Kendall County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of : a) age 60, b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	RP-2014 Mortality Tables

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World EX USA (net) Index	5.00%	4.25%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
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%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

⁽¹⁾ Target asset allocation adopted at the March 2021 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 2.0%, per Cliffwater's 2021 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 year 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes 7.50%, increased by .10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pensions plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability/ (Asset)

	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2019	\$ 40,747,483	\$ 39,761,319	\$ 986,164
Changes for the year:			
Service cost	1,773,811		1,773,811
Interest on total pension liability ⁽¹⁾	3,389,116		3,389,116
Effect of plan changes ⁽²⁾	-		-
Effects of economic/demographic gains or losses	184,186		184,186
Effect of assumptions changes or inputs	2,836,340		2,836,340
Refund of contributions	(89,040)	(89,040)	-
Benefit payments	(1,298,687)	(1,298,687)	-
Administrative expenses		(32,772)	32,772
Member contributions		1,112,095	(1,112,095)
Net investment income		4,109,489	(4,109,489)
Employer contributions		1,194,714	(1,194,714)
Other ⁽³⁾	-	31,135	(31,135)
Balances as of December 31, 2020	\$ 47,543,209	\$ 44,788,253	\$ 2,754,956

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

(2) No plan changes valued.

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

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 54,348,076	\$ 47,543,209	\$ 41,881,634
Fiduciary net position	44,788,253	44,788,253	44,788,253
Net pension liability/(asset)	<u>\$ 9,559,823</u>	<u>\$ 2,754,956</u>	<u>\$ (2,906,619)</u>

Pension Expense/ (Income)

Prepaid Expense / (Income)	January 1, 2020 to December 31, 2020
Service cost	\$ 1,773,811
Interest on total pension liability ⁽¹⁾	3,389,116
Effect of plan changes	-
Administrative expenses	32,772
Member contributions	(1,112,095)
Expected investment return net of investment expenses	(3,257,100)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	75,428
Recognition of assumption changes or inputs	630,823
Recognition of investment gains or losses	(376,067)
Other ⁽²⁾	(31,137)
Pension expense/ (income)	\$ 1,125,551

(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.

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 16,924	\$ 331,934
Changes of assumptions	-	2,332,626
Net difference between projected and actual earnings	1,357,618	-
Contributions made subsequent to measurement date	N/A	888,037
	\$ 1,374,542	\$ 3,552,597

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

Year ended December 31:	
2021	\$ 305,366
2022	602,895
2023	(51,872)
2024	433,629
2025	-
Thereafter ⁽³⁾	-

⁽³⁾ Total remaining balance to be recognized in future year, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

4.B. RISK MANAGEMENT

Kendall County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers' compensation. The County contracts in the form of interlocal agreements with the Texas Association of Counties (TAC) to provide the aforementioned types of insurance coverage through an intergovernmental risk pool. These multi-employer accounts provide for a combination of modified self-insurance and stop loss coverage. Contributions are set annually by Texas Association of Counties. Liability by the County is generally limited to the amounts calculated by the County interlocal agreements. Kendall County also provides accident and property and liability coverage for the Kendall County Volunteer Fire Departments and Kendall County Emergency Medical Services through commercial carriers.

4.C. HEALTH INSURANCE

The County provides group health, dental and life insurance coverage for regular, full-time employees through United Healthcare, Ameritas, and Metlife. The County pays the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

4.D. DEFERRED COMPENSATION PLAN

The County offers all its employees deferred compensation programs through the National Association of Counties administered by Nationwide Retirement Solutions and One America - American United Life Insurance Company. The plans, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County does not contribute to this plan. All contributions are made by the employees who elect to participate in the plan. The County remits employee contributions to the plan trustee on a regular basis. The County does not administer the Section 457 plan, nor does it provide the investment advice to the plan. Accordingly, the Section 457 plan is not part of the County's reporting entity.

The County has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

At September 30, 2021, the participants had a balance of \$450,058 in Nationwide Retirement Solutions and \$2,134,352 in One America - American United Life Insurance Company.

4.E. CONTINGENT LIABILITIES

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

The County is currently involved in pending and threatened litigation suits or claims and is subject to other various litigation and claims arising out of the normal course of operations. Although the outcome of these claims is not presently determinable, in the opinion of County management, the resolution of these matters will not have a material adverse effect on the accompanying financial statements. Therefore, no provision for any liability, if any, has been made in the accompanying financial statements.

4.F. LETTERS OF CREDIT

The County is the beneficiary of several letters of credit issued by banks for developers. The developer must complete the required improvements before the expiration date of the letter of credit. The following is a summary of the letters of credit:

<u>Developer/Purpose</u>	<u>Issuing Bank</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Expiration Date</u>
CR/KWW Partnership, Ltd. - Cordillera Ranch Street & Drainage Improvements	Southside Bank	\$ 274,385	11/18/2020	11/18/2021
Pleasant Valley Business Park- Phase 2 Subdivision Improvements	Insuror Indemity Company	230,000	1/28/2021	1/28/2022
CRHN, LLC Roadway & Drainage Water & Sewer Improvements	Southside Bank	301,789.39 122,987.00	7/29/2021 7/29/2021	7/29/2022 7/29/2022
Sustainable Comfort, LLC & Real Business, LLC Drainage Improvements	Security State Bank & Trust	11,582	9/3/2021	9/2/2022

4.G. UNEARNED REVNEUES

Unspent U.S. Department of Treasury State and Local Fiscal Recovery Funds in the amount of \$4,252,132 are classified as unearned revenue in the Coronavirus Local Fiscal Recovery Fund. The funds are for response to the COVIDF-19 public health emergency.

4.H. PRIOR PERIOD ADJUSTMENT

The County implemented the provision of GASB Statement No. 84, *Fiduciary Activities*. This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with custodial funds. Under this guidance fiduciary funds will now report a net position and a statement of changes in net position.

Implementation of GASB Statement No. 84 required a restatement of net position for the fiduciary funds of \$4,120,549. This adjustment was needed to move the beginning balances to newly created fiduciary funds.

4. I. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 14, 2022, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KENDALL COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 23,590,000	\$ 23,590,000	\$ 23,549,178	\$ (40,822)
General Sales and Use Taxes	3,900,000	3,900,000	4,728,743	828,743
Other Taxes	31,000	31,000	30,169	(831)
Penalty and Interest on Taxes	120,000	120,000	162,207	42,207
Licenses and Permits	353,000	353,000	621,343	268,343
Intergovernmental Revenue and Grants	844,600	924,173	241,646	(682,527)
Charges for Services	2,280,642	2,280,642	2,436,893	156,251
Fines	492,000	492,000	560,562	68,562
Forfeits	70,000	70,000	72,135	2,135
Special Assessments	25,155	25,155	25,335	180
Investment Earnings	150,000	150,000	30,628	(119,372)
Rents and Royalties	10,000	10,000	12,233	2,233
Contributions & Donations from Private Sources	5,000	24,908	20,208	(4,700)
Other Revenue	149,850	149,850	205,550	55,700
Total Revenues	<u>32,021,247</u>	<u>32,120,728</u>	<u>32,696,830</u>	<u>576,102</u>
EXPENDITURES:				
Current:				
Financial Administration	915,694	938,008	920,760	17,248
General Administration	2,134,899	2,194,524	1,738,969	455,555
Tax Administration	870,251	871,053	846,606	24,447
Facilities Administration	1,450,779	1,532,508	1,419,820	112,688
Election Services	389,837	406,122	368,534	37,588
Law Enforcement	7,368,144	7,654,206	6,001,682	1,652,524
Fire Protection	1,223,323	1,231,809	1,138,230	93,579
Corrections	3,582,587	3,795,415	3,650,137	145,278
Road and Bridge	2,483,577	2,498,489	2,344,820	153,669
Sanitation	1,254,870	724,564	351,904	372,660
Justice System	4,339,900	4,522,778	4,282,166	240,612
Juvenile Services	1,200	1,200	1,200	-
Health and Human Services	3,479,122	3,933,098	3,398,184	534,914
Culture and Recreation	1,261,494	1,285,165	1,255,178	29,987
Conservation and Development	1,266,825	1,275,044	1,211,431	63,613
Total Expenditures	<u>32,022,502</u>	<u>32,863,983</u>	<u>28,929,621</u>	<u>3,934,362</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,255)</u>	<u>(743,255)</u>	<u>3,767,209</u>	<u>4,510,464</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	25,000	25,000	41,887	16,887
Transfers In	14,155	564,155	303,694	(260,461)
Insurance Proceeds	30,000	222,000	225,746	3,746
Transfers Out	(67,900)	(67,900)	-	67,900
Total Other Financing Sources (Uses)	<u>1,255</u>	<u>743,255</u>	<u>571,327</u>	<u>(171,928)</u>
Net Change in Fund Balances	-	-	4,338,536	4,338,536
Fund Balance - October 1 (Beginning)	15,225,088	15,225,088	15,225,088	-
Fund Balance - September 30 (Ending)	<u>\$ 15,225,088</u>	<u>\$ 15,225,088</u>	<u>\$ 19,563,624</u>	<u>\$ 4,338,536</u>

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

KENDALL COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Licenses and Permits	\$ 3,145,000	\$ 3,145,000	\$ 3,163,075	\$ 18,075
Intergovernmental Revenue and Grants	41,000	41,000	33,895	(7,105)
Other Revenue	5,000	5,000	341	(4,659)
Total Revenues	<u>3,191,000</u>	<u>3,191,000</u>	<u>3,197,311</u>	<u>6,311</u>
EXPENDITURES:				
Road and Bridge	3,632,088	3,632,088	1,949,840	1,682,248
Total Expenditures	<u>3,632,088</u>	<u>3,632,088</u>	<u>1,949,840</u>	<u>1,682,248</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(441,088)</u>	<u>(441,088)</u>	<u>1,247,471</u>	<u>1,688,559</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	20,000	20,000	1,733	(18,267)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>1,733</u>	<u>(18,267)</u>
Change in Fund Balance	(421,088)	(421,088)	1,249,204	1,670,292
Fund Balance - October 1 (Beginning)	<u>1,844,074</u>	<u>1,844,074</u>	<u>1,844,074</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 1,422,986</u>	<u>\$ 1,422,986</u>	<u>\$ 3,093,278</u>	<u>\$ 1,670,292</u>

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

KENDALL COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
A. Total Pension Liability			
Service Cost	\$ 1,773,811	\$ 1,620,120	\$ 1,414,049
Interest (on the Total Pension Liability)	3,389,116	3,074,826	2,808,842
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	184,186	302,531	(42,307)
Changes of Assumptions	2,836,340	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,387,728)	(1,158,803)	(1,049,135)
Net Change in Total Pension Liability	<u>\$ 6,795,725</u>	<u>\$ 3,838,674</u>	<u>\$ 3,131,449</u>
Total Pension Liability - Beginning	40,747,483	36,908,810	33,777,361
Total Pension Liability - Ending	<u><u>\$ 47,543,208</u></u>	<u><u>\$ 40,747,484</u></u>	<u><u>\$ 36,908,810</u></u>
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 1,194,714	\$ 1,109,155	\$ 979,636
Contributions - Employee	1,112,095	1,040,764	930,404
Net Investment Income	4,109,489	5,466,602	(605,861)
Benefit Payments, Including Refunds of Employee Contributions	(1,387,728)	(1,158,803)	(1,049,135)
Administrative Expense	(32,772)	(30,300)	(26,742)
Other	31,135	39,472	28,968
Net Change in Plan Fiduciary Net Position	<u>\$ 5,026,933</u>	<u>\$ 6,466,890</u>	<u>\$ 257,270</u>
Plan Fiduciary Net Position - Beginning	39,761,319	33,294,429	33,037,159
Plan Fiduciary Net Position - Ending	<u><u>\$ 44,788,252</u></u>	<u><u>\$ 39,761,319</u></u>	<u><u>\$ 33,294,429</u></u>
C. Net Pension Liability	<u><u>\$ 2,754,956</u></u>	<u><u>\$ 986,165</u></u>	<u><u>\$ 3,614,381</u></u>
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.21%	97.58%	90.21%
E. Covered Payroll	\$ 15,887,176	\$ 14,868,050	\$ 13,291,486
F. Net Pension Liability as a Percentage of Covered Payroll	17.34%	6.63%	27.19%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 1,341,780	\$ 1,308,420	\$ 1,173,891	\$ 1,113,274
2,524,822	2,259,198	2,109,062	1,896,754
244,116	-	(219,294)	-
15,337	(82,610)	(756,865)	207,443
317,774	-	286,366	-
(971,745)	(842,767)	(705,330)	(614,402)
<u>\$ 3,472,084</u>	<u>\$ 2,642,241</u>	<u>\$ 1,887,830</u>	<u>\$ 2,603,068</u>
30,305,277	27,663,036	25,775,206	23,172,138
<u>\$ 33,777,361</u>	<u>\$ 30,305,277</u>	<u>\$ 27,663,036</u>	<u>\$ 25,775,206</u>
	/		
\$ 795,716	\$ 820,085	\$ 777,746	\$ 782,906
833,837	778,916	726,864	719,206
4,135,192	1,896,749	(145,262)	1,548,686
(971,745)	(842,767)	(705,331)	(614,402)
(21,971)	(20,643)	(18,253)	(18,380)
8,609	34,451	(51,736)	(42,969)
<u>\$ 4,779,638</u>	<u>\$ 2,666,791</u>	<u>\$ 584,028</u>	<u>\$ 2,375,048</u>
28,257,521	25,590,731	25,006,702	22,631,654
<u>\$ 33,037,159</u>	<u>\$ 28,257,522</u>	<u>\$ 25,590,730</u>	<u>\$ 25,006,702</u>
<u>\$ 740,202</u>	<u>\$ 2,047,755</u>	<u>\$ 2,072,306</u>	<u>\$ 768,504</u>
97.81%	93.24%	92.51%	97.02%
\$ 11,911,953	\$ 11,127,366	\$ 10,383,778	\$ 10,274,371
6.21%	18.40%	19.96%	7.48%

KENDALL COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2011	656,132	656,132	-	9,125,619	7.20%
2012	692,064	692,064	-	9,428,733	7.30%
2013	720,988	720,988	-	9,690,764	7.40%
2014	782,906	782,906	-	10,274,371	7.60%
2015	777,746	777,746	-	10,383,778	7.50%
2016	820,085	820,085	-	11,127,366	7.40%
2017	795,716	795,716	-	11,911,953	6.70%
2018	979,583	979,636	(53)	13,291,486	7.40%
2019	1,109,155	1,109,155	-	14,868,050	7.50%
2020	1,194,714	1,194,714	-	15,887,076	7.50%

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

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

KENDALL COUNTY, TEXAS
 NOTES TO THE SCHEDULE OF CONTRIBUTIONS
 SEPTEMBER 30, 2021

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% 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 benefits payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Tables for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	<p>2015: New inflation, mortality and other assumptions were reflected</p> <p>2017: New mortality assumptions were reflected.</p> <p>2019: New inflation, mortality and other assumptions were reflected.</p>
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions *	<p>2015: No changes in plan provisions were reflected in the Schedule.</p> <p>2016: No changes in plan provisions were reflected in the Schedule.</p> <p>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.</p> <p>2018: Employer contributions reflect that the current service matching rate was increased to 160% for future benefits.</p> <p>2019: No changes in plan provisions were reflected in the Schedule.</p> <p>2020: No changes in plan provisions were reflected in the Schedule.</p>

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

SUPPLEMENTARY INFORMATION

KENDALL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	13 Courthouse Security Fund	15 Lateral Road & Bridge Fund	16 Court Reporter Service	17 Attorney Hot Check Fund
ASSETS				
Cash and Cash Equivalents	\$ 47,048	\$ 38,938	\$ 23,551	\$ 38
Investments - Current	26,596	211,214	-	-
Accounts Receivable, Net	3,816	-	1,176	-
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 77,460</u>	<u>\$ 250,152</u>	<u>\$ 24,727</u>	<u>\$ 38</u>
LIABILITIES				
Accounts Payable	\$ 65	\$ -	\$ 3,000	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>65</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	250,152	-	-
Restricted for Special Revenue	77,395	-	21,727	38
Total Fund Balances	<u>77,395</u>	<u>250,152</u>	<u>21,727</u>	<u>38</u>
Total Liabilities and Fund Balances	<u>\$ 77,460</u>	<u>\$ 250,152</u>	<u>\$ 24,727</u>	<u>\$ 38</u>

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

19 County Clerk Records Management	20 Law Library Fund	21 Justice Court Technology	22 Justice Court Building Security	23 County & District Tech Archive Fund	24 Alternative Dispute Resolution	25 District Clerk Records Management	26 County Clerk Records Archive
\$ 134,423	\$ 74,300	\$ 51,387	\$ 37,943	\$ 20,669	\$ 2,565	\$ 23,731	\$ 193,665
349,379	-	-	-	-	-	-	272,021
12,600	2,555	1,482	23	339	1,190	2,360	12,650
-	-	-	-	-	-	-	-
<u>\$ 496,402</u>	<u>\$ 76,855</u>	<u>\$ 52,869</u>	<u>\$ 37,966</u>	<u>\$ 21,008</u>	<u>\$ 3,755</u>	<u>\$ 26,091</u>	<u>\$ 478,336</u>
\$ 13,404	\$ -	\$ -	\$ -	\$ -	\$ 3,755	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>13,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,755</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
482,998	76,855	52,869	37,966	21,008	-	26,091	478,336
<u>482,998</u>	<u>76,855</u>	<u>52,869</u>	<u>37,966</u>	<u>21,008</u>	<u>-</u>	<u>26,091</u>	<u>478,336</u>
<u>\$ 496,402</u>	<u>\$ 76,855</u>	<u>\$ 52,869</u>	<u>\$ 37,966</u>	<u>\$ 21,008</u>	<u>\$ 3,755</u>	<u>\$ 26,091</u>	<u>\$ 478,336</u>

KENDALL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	27 Vital Statistics Fund	28 Pre-Trial Intervention Fund	29 LEOSE Training Allocation	30 County Jury Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,433	\$ 365	\$ 50,651	\$ 851
Investments - Current	-	-	-	-
Accounts Receivable, Net	63	265	-	74
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 1,496</u>	<u>\$ 630</u>	<u>\$ 50,651</u>	<u>\$ 925</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	50,651	-
Restricted for Special Revenue	1,496	630	-	925
Total Fund Balances	<u>1,496</u>	<u>630</u>	<u>50,651</u>	<u>925</u>
Total Liabilities and Fund Balances	<u>\$ 1,496</u>	<u>\$ 630</u>	<u>\$ 50,651</u>	<u>\$ 925</u>

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

33 Juvenile Board State Grants	34 Juvenile Board Title IV-E	35 County Juvenile Probation	36 Local Truancy Prev & Diversion	41 MVDIT Interest Fund	42 Special Election Fund	43 Fire Inspection Fund	50 Crime Victims Grant
\$ -	\$ 3,849	\$ -	\$ 24,315	\$ 26,364	\$ 23,024	\$ 47,814	\$ -
-	-	-	-	-	-	185,712	-
-	-	-	1,732	1,862	-	300	32,994
9,495	-	-	-	-	-	-	-
<u>\$ 9,495</u>	<u>\$ 3,849</u>	<u>\$ -</u>	<u>\$ 26,047</u>	<u>\$ 28,226</u>	<u>\$ 23,024</u>	<u>\$ 233,826</u>	<u>\$ 32,994</u>
\$ -	\$ 84	\$ -	\$ -	\$ -	\$ -	\$ 166	\$ 812
4,731	-	-	-	-	-	2,356	5,734
3,506	-	-	-	-	-	-	26,448
<u>8,237</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,522</u>	<u>32,994</u>
-	3,765	-	-	-	-	-	-
1,258	-	-	26,047	28,226	23,024	231,304	-
<u>1,258</u>	<u>3,765</u>	<u>-</u>	<u>26,047</u>	<u>28,226</u>	<u>23,024</u>	<u>231,304</u>	<u>-</u>
<u>\$ 9,495</u>	<u>\$ 3,849</u>	<u>\$ -</u>	<u>\$ 26,047</u>	<u>\$ 28,226</u>	<u>\$ 23,024</u>	<u>\$ 233,826</u>	<u>\$ 32,994</u>

KENDALL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	51 VAWA Grant Fund	80 Tobacco Settlement Fund	84 Sheriff Abandoned Vehicles	85 Sheriff Local Asset Forfeiture
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 52,224	\$ 4,523	\$ 22,595
Investments - Current	-	30,975	-	-
Accounts Receivable, Net	21,577	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 21,577</u>	<u>\$ 83,199</u>	<u>\$ 4,523</u>	<u>\$ 22,595</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 993	\$ -	\$ -
Wages and Salaries Payable	4,380	-	-	-
Due to Other Funds	17,197	-	-	-
Total Liabilities	<u>21,577</u>	<u>993</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	82,206	-	-
Restricted for Special Revenue	-	-	4,523	22,595
Total Fund Balances	<u>-</u>	<u>82,206</u>	<u>4,523</u>	<u>22,595</u>
Total Liabilities and Fund Balances	<u>\$ 21,577</u>	<u>\$ 83,199</u>	<u>\$ 4,523</u>	<u>\$ 22,595</u>

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

87 Sheriff Federal Asset Forfeiture	96 Public Grant Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 49,318	\$ 81	\$ 955,665	\$ 955,665
77,215	-	1,153,112	1,153,112
-	16,948	114,006	114,006
-	-	9,495	9,495
<u>\$ 126,533</u>	<u>\$ 17,029</u>	<u>\$ 2,232,278</u>	<u>\$ 2,232,278</u>
\$ -	\$ 801	\$ 23,080	\$ 23,080
-	-	17,201	17,201
-	16,147	63,298	63,298
<u>-</u>	<u>16,948</u>	<u>103,579</u>	<u>103,579</u>
126,533	81	513,388	513,388
-	-	1,615,311	1,615,311
<u>126,533</u>	<u>81</u>	<u>2,128,699</u>	<u>2,128,699</u>
<u>\$ 126,533</u>	<u>\$ 17,029</u>	<u>\$ 2,232,278</u>	<u>\$ 2,232,278</u>

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	13 Courtthouse Security Fund	15 Lateral Road & Bridge Fund	16 Court Reporter Service	17 Attorney Hot Check Fund
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 26,409	\$ -	\$ -
Charges for Services	16,081	-	730	-
Fines	25,154	-	11,521	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	-
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	41,235	26,409	12,251	-
EXPENDITURES:				
General Administration	-	-	-	-
Debt Service:				
Tax Administration	-	-	-	-
Law Enforcement	24,289	-	-	-
Roads and Bridges	-	-	-	-
Justice System	-	-	3,000	4
Juvenile Services	-	-	-	-
Health and Human Services	-	-	-	-
Conservation and Development	-	-	-	-
Total Expenditures	24,289	-	3,000	4
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,946	26,409	9,251	(4)
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	16,946	26,409	9,251	(4)
Fund Balance - October 1 (Beginning)	60,449	223,743	12,476	42
Fund Balance - September 30 (Ending)	\$ 77,395	\$ 250,152	\$ 21,727	\$ 38

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

19 County Clerk Records Management	20 Law Library Fund	21 Justice Court Technology	22 Justice Court Building Security	23 County & District Tech Archive Fund	24 Alternative Dispute Resolution	25 District Clerk Records Management	26 County Clerk Records Archive
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	14,802	-	3,640	-	5,821	162,741
162,447	26,881	-	407	-	13,426	16,728	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
162,447	26,881	14,802	407	3,640	13,426	22,549	162,741
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
83,980	14,910	21,102	-	-	13,426	18,964	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
83,980	14,910	21,102	-	-	13,426	18,964	-
78,467	11,971	(6,300)	407	3,640	-	3,585	162,741
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
78,467	11,971	(6,300)	407	3,640	-	3,585	162,741
404,531	64,884	59,169	37,559	17,368	-	22,506	315,595
\$ 482,998	\$ 76,855	\$ 52,869	\$ 37,966	\$ 21,008	\$ -	\$ 26,091	\$ 478,336

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	27 Vital Statistics Fund	28 Pre-Trial Intervention Fund	29 LEOSE Training Allocation	30 County Jury Fund
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 7,973	\$ -
Charges for Services	(313)	23,002	-	671
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	-
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	(313)	23,002	7,973	671
EXPENDITURES:				
General Administration	-	-	-	-
Debt Service:				
Tax Administration	-	-	-	-
Law Enforcement	-	-	8,437	-
Roads and Bridges	-	-	-	-
Justice System	-	38,559	-	-
Juvenile Services	-	-	-	-
Health and Human Services	-	-	-	-
Conservation and Development	-	-	-	-
Total Expenditures	-	38,559	8,437	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(313)	(15,557)	(464)	671
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(313)	(15,557)	(464)	671
Fund Balance - October 1 (Beginning)	1,809	16,187	51,115	254
Fund Balance - September 30 (Ending)	\$ 1,496	\$ 630	\$ 50,651	\$ 925

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

33 Juvenile Board State Grants	34 Juvenile Board Title IV-E	35 County Juvenile Probation	36 Local Truancy Prev & Diversion	41 MVDIT Interest Fund	42 Special Election Fund	43 Fire Inspection Fund	50 Crime Victims Grant
\$ 216,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,754
-	-	-	16,429	-	24,463	75,444	-
-	-	-	-	-	-	-	-
4	1	-	-	92	-	-	-
\$ -	\$ 9,321	\$ -	\$ -	\$ 16,267	\$ 342	\$ 4,498	\$ -
216,475	9,322	-	16,429	16,359	24,805	79,942	126,754
-	-	-	-	-	48,160	74,032	-
-	-	-	-	9,780	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	158,996
216,471	10,362	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
216,471	10,362	-	-	9,780	48,160	74,032	158,996
4	(1,040)	-	16,429	6,579	(23,355)	5,910	(32,242)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	32,242
-	-	-	-	-	-	-	32,242
4	(1,040)	-	16,429	6,579	(23,355)	5,910	-
1,254	4,805	-	9,618	21,647	46,379	225,394	-
\$ 1,258	\$ 3,765	\$ -	\$ 26,047	\$ 28,226	\$ 23,024	\$ 231,304	\$ -

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	51 VAWA Grant Fund	80 Tobacco Settlement Fund	84 Sheriff Abandoned Vehicles	85 Sheriff Local Asset Forfeiture
REVENUES:				
Intergovernmental Revenue and Grants	\$ 79,064	\$ 36,237	\$ -	\$ -
Charges for Services	-	-	-	-
Fines	-	-	-	-
Forfeits	-	-	-	8,704
Investment Earnings	-	30	-	2
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	79,064	36,267	-	8,706
EXPENDITURES:				
General Administration	-	-	-	-
Debt Service:				
Tax Administration	-	-	-	-
Law Enforcement	-	-	430	-
Roads and Bridges	-	-	-	-
Justice System	111,614	-	-	-
Juvenile Services	-	-	-	-
Health and Human Services	-	27,016	-	-
Conservation and Development	-	-	-	-
Total Expenditures	111,614	27,016	430	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,550)	9,251	(430)	8,706
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	32,550	-	-	-
Total Other Financing Sources (Uses)	32,550	-	-	-
Net Change in Fund Balance	-	9,251	(430)	8,706
Fund Balance - October 1 (Beginning)	-	72,955	4,953	13,889
Fund Balance - September 30 (Ending)	\$ -	\$ 82,206	\$ 4,523	\$ 22,595

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

87	96	Total	Total
Sheriff	Public	Nonmajor	Nonmajor
Federal Asset	Grant	Special	Governmental
Forfeiture	Fund	Revenue Funds	Funds
\$ -	\$ 73,413	\$ 566,321	\$ 566,321
-	-	343,511	343,511
-	-	256,564	256,564
-	-	8,704	8,704
125	-	254	254
\$ -	\$ -	\$ 30,428	\$ 30,428
125	73,413	1,205,782	1,205,782
-	-	122,192	122,192
-	-	9,780	9,780
10,699	-	43,855	43,855
-	13,923	13,923	13,923
-	-	464,555	464,555
-	-	226,833	226,833
-	-	27,016	27,016
-	59,490	59,490	59,490
10,699	73,413	967,644	967,644
(10,574)	-	238,138	238,138
674	-	674	674
-	-	64,792	64,792
674	-	65,466	65,466
(9,900)	-	303,604	303,604
136,433	81	1,825,095	1,825,095
\$ 126,533	\$ 81	\$ 2,128,699	\$ 2,128,699

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2021

	81 Historical Commission Fund	82 County Donation Account	Total Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 8,708	\$ 114,872	\$ 123,580
Accounts Receivable, Net	-	4,290	4,290
Total Assets	<u>8,708</u>	<u>119,162</u>	<u>127,870</u>
LIABILITIES			
Accounts Payable	-	4,885	4,885
Total Liabilities	<u>-</u>	<u>4,885</u>	<u>4,885</u>
NET POSITION			
Restricted for Other Purposes	8,708	114,277	122,985
Total Net Position	<u>\$ 8,708</u>	<u>\$ 114,277</u>	<u>\$ 122,985</u>

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

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Data Control Codes	81 Historical Commission Fund	82 County Donation Account	Total Private Purpose Trust Funds
ADDITIONS:			
Contributions & Donations from Private	\$ 300	\$ 40,941	\$ 41,241
Total Additions	<u>300</u>	<u>40,941</u>	<u>41,241</u>
DEDUCTIONS:			
Other Operating Costs	<u>2,224</u>	<u>27,881</u>	<u>30,105</u>
Total Deductions	<u>2,224</u>	<u>27,881</u>	<u>30,105</u>
Change in Net Position	(1,924)	13,060	11,136
Total Net Position - October 1 (Beginning)	<u>10,632</u>	<u>101,217</u>	<u>111,849</u>
Total Net Position - September 30 (Ending)	<u>\$ 8,708</u>	<u>\$ 114,277</u>	<u>\$ 122,985</u>

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

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 SEPTEMBER 30, 2021

	90	92	93	Total
	Trust Account	Officials Accounts	State Fees & Special Tax	Custodial Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,038,346	\$ 6,003,243	\$ 357,923	\$ 10,399,512
Investments - Current	22	-	-	22
Accounts Receivable, Net	-	-	68,595	68,595
Total Assets	<u>4,038,368</u>	<u>6,003,243</u>	<u>426,518</u>	<u>10,468,129</u>
LIABILITIES				
Accounts Payable	-	-	264,696	264,696
Intergovernmental Payable	-	-	107,610	107,610
Due to Other Funds	101	-	-	101
Due to Others	4,038,267	-	-	4,038,267
Total Liabilities	<u>4,038,368</u>	<u>-</u>	<u>372,306</u>	<u>4,410,674</u>
NET POSITION				
Restricted for Other Purposes	-	6,003,243	54,212	6,057,455
Total Net Position	<u>\$ -</u>	<u>\$ 6,003,243</u>	<u>\$ 54,212</u>	<u>\$ 6,057,455</u>

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

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Data Control Codes	90	92	93	Total
	Trust Account	Officials Accounts	State Fees & Special Tax	Custodial Funds
ADDITIONS:				
Other Revenue	\$ -	\$ 83,890,059	\$ 692,468	\$ 84,582,527
Total Additions	<u>-</u>	<u>83,890,059</u>	<u>692,468</u>	<u>84,582,527</u>
DEDUCTIONS:				
Other Operating Costs	-	81,957,414	688,207	82,645,621
Total Deductions	<u>-</u>	<u>81,957,414</u>	<u>688,207</u>	<u>82,645,621</u>
Change in Net Position	-	1,932,645	4,261	1,936,906
Total Net Position - October 1 (Beginning)	-	-	-	-
Prior Period Adjustment	-	4,070,598	49,951	4,120,549
Total Net Position - September 30 (Ending)	<u>\$ -</u>	<u>\$ 6,003,243</u>	<u>\$ 54,212</u>	<u>\$ 6,057,455</u>

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



NEFFENDORF & BLOCKER, P.C.

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*

To the Honorable Judge and Members
of the Commissioners' Court
Kendall County, Texas
Boerne, TX 78006

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 Kendall County, Texas (the "County"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 14, 2022.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

Compliance and Other Matters

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

Purpose of this Report

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

We noted certain matters that we reported to management of the County of Kendall, Texas, in a separate letter dated March 14, 2022.

Sincerely,

Neffendorf + Blocker, P.C.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas

March 14, 2022



NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Honorable Judge and Commissioners
County of Kendall, Texas
Boerne, TX 78006

Members of the Court:

Report on Compliance for Each Major Federal Program

We have audited Kendall County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Kendall County's major federal programs for the year ended September 30, 2021. Kendall County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Kendall County's major federal programs based on our audit of the types of compliance requirements referred to above. 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kendall County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Kendall County's compliance.

In our opinion, Kendall County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal for the year ended September 30, 2021

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Report on Internal Control Over Compliance

Management of Kendall County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kendall County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kendall County's internal control over compliance.

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kendall County as of and for the year ended September 30, 2021, and the related notes to the financial statements. We issued our report thereon dated March 14, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 financial statements as a whole.

Neffendorf + Blocker, P.C.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas
March 14, 2022

KENDALL COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

I. Summary of the Auditor's Results:

- a. Type of report issued on the financial statements of the Kendall County was: an unmodified opinion.
- b. The audit did not disclose any noncompliance which would have been material to the financial statements of the Kendall County.
- c. The audit disclosed no findings of known questioned costs in excess of \$25,000 as described under Uniform Guidance 2 CFR §200-516.
- d. Type of report issued on compliance for major programs was: an unmodified opinion.
- d. The major program tested was:

Coronavirus Local Fiscal Recovery Fund - (CFDA#21.027)
- f. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- g. Kendall County did not qualify as a low risk auditee.

II. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

-None-

III. Findings and Questioned Costs for Federal Awards

-None-

KENDALL COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS/CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2021

STATEMENT OF CORRECTIVE ACTION -
CURRENT YEAR DISCLOSURES

-None-

STATEMENT OF CORRECTIVE ACTION -
PRIOR YEAR DISCLOSURES

-None-

KENDALL COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF TREASURY</u>			
<u>Direct Programs</u>			
Coronavirus Local Fiscal Recovery	21.027		\$ 354,326
Total Direct Programs			<u>354,326</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>354,326</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Passed Through Texas Office of Governor</u>			
COVID-19 Mitigation & Online Crime Reporting	16.034	4154601	10,057
Crimes Against Women Prosecutor	16.588	3562703	79,064
VA- Victim of Crime Act Formula Grant	16.575	2772205	126,754
Edward Bryne Memorial Justice Assistance Grant	16.738	3752702	77,868
Equitable Sharing-Department of Justice	16.922		<u>10,699</u>
Total Passed Through Texas Office of Governor			<u>304,442</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>304,442</u>
<u>U.S. CENTER FOR DISEASE CONTROL & PREVENTION</u>			
<u>Texas Department of State Health Services</u>			
Cities Readiness Initiative Grant	93.069	HHS000145800001	<u>7,220</u>
Total Passed Through Texas Department of State Health Services			<u>7,220</u>
TOTAL U.S. CENTER FOR DISEASE CONTROL & PREVENTION			<u>7,220</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Texas Office of Governor</u>			
Homeland Security Grant Program	97.067	3980301	<u>27,210</u>
Total Passed Through Texas Office of Governor			<u>27,210</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>27,210</u>
<u>DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<u>Passed Through Texas Department of Agriculture</u>			
Community Development Block Grant	14.228	7218260	<u>59,490</u>
Total Passed Through Texas Department of Agriculture			<u>59,490</u>
TOTAL DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>59,490</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 752,688</u>

KENDALL COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

1. The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Kendall County, Texas. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Federal and State financial assistance was accounted for in the Governmental fund types.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the General Fund and Special Revenue Funds which are Governmental Fund types.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.
4. Kendall County, Texas has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.