

KENDALL COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

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

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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 Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kendall County, Texas, as of September 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in net pension liability and related ratios and the schedule of employer contributions on pages 4 through 10 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kendall County, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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 16, 2023, 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.

A handwritten signature in blue ink that reads "Neffendorf & Blocker, P.C." in a cursive script.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas
March 16, 2023

KENDALL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022. Please read it in conjunction with the independent auditors' report on page 1, and the County's Basic Financial Statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$69,878,933 (Net Position). Of this amount, \$23,339,549 (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 \$11,377,505 as a result of this year's operations.
- At September 30, 2022, the County's governmental funds reported combined ending fund balances of \$41,485,069, an increase of \$15,738,002 in comparison with the prior year.
- At September 30, 2022, the unassigned fund balance of the general fund was \$22,792,978 or 65% 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 11 - 13). 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 14 - 21) 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 22) 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 11. 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 14 - 21 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 \$58,501,428 to \$69,878,933. 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 \$23,339,549 at September 30, 2022. This increase in governmental Net Position was the result of five factors. First, the County's revenues exceed the expenditures by \$15,738,002. Second, the County paid principal on long-term debt of \$2,672,836. Third, the County acquired capital assets in the amount of \$6,595,255. Fourth, the County recorded depreciation in the amounts of \$3,153,025. Fifth, a net increase of \$872,978 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	
	2022	2021
Current and Other Assets	\$ 49,522	\$ 33,170
Capital Assets	58,816	55,309
Net Pension Asset	3,403	-
Total Assets	<u>\$ 111,741</u>	<u>\$ 88,479</u>
Deferred Outflow Related to Pension Plan	\$ 3,651	\$ 3,552
Noncurrent Liabilities	\$ 25,058	\$ 19,144
Net Pension Liability	-	2,755
Other Liabilities	14,274	10,256
Total Liabilities	<u>\$ 39,332</u>	<u>\$ 32,155</u>
Deferred Inflow Related to Pension Plan	<u>\$ 6,181</u>	<u>\$ 1,375</u>
Net Position		
Net Investment in Capital Assets	\$ 27,847	\$ 33,724
Restricted	18,692	6,183
Unrestricted	23,340	18,594
Total Net Position	<u>\$ 69,879</u>	<u>\$ 58,501</u>

Table II
Kendall County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2022	2021
Revenues		
Charges for Services	\$ 8,757	\$ 7,298
Property Taxes	28,394	26,349
Sales Tax	5,257	4,729
Other Taxes	36	30
Penalty & Interest	149	185
Investment Earnings	224	32
Miscellaneous	291	519
Grant and Contributions	6,376	1,216
Total Assets	\$ 49,484	\$ 40,358
Expenses		
Financial Administration	\$ 1,076	\$ 1,008
General Administration	2,930	2,039
Tax Administration	950	939
Election Services	524	403
Facilities Management	1,585	1,524
Law Enforcement	6,680	6,694
Fire Protection	1,643	1,241
Corrections	3,566	4,062
Roads and Bridges	5,495	4,151
Sanitation	532	387
Justice System	5,935	5,259
Juvenile Services	243	254
Health and Human Services	3,915	3,493
Culture and Recreation	1,494	1,318
Conservation and Development	969	1,384
Debt Service	569	558
Total Liabilities	\$ 38,106	\$ 34,714
Increase (Decrease) in Net Position	\$ 11,378	\$ 5,644
Net Position- Beginning of Year	58,501	52,857
Net Position- End of Year	\$ 69,879	\$ 58,501

The cost of all governmental activities this year was \$38,106,795. However, as shown in the Statement of Activities on pages 12 and 13, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$28,394,496 because the other costs were paid by sales tax (\$5,257,248), grants and contributions (\$6,376,031), user charges (\$8,756,951), investment earnings (\$224,197) and other general revenue (\$290,693).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$41,485,069, which is more than last year's total of \$25,747,067. Included in this year's total change in fund balance is an increase of \$3,229,354 in the County's General Fund. The primary reason for the General Fund's increase is the transfer in of Coronavirus Local Fiscal Recovery Funds in the amount of \$2,000,000.

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 exceed revenues and other financing sources. Revenues were favorable to budget by \$2,155,175; expenditures were favorable to budget by \$4,773,231 and other financing sources and uses were unfavorable to budget by \$729; resulting in a net favorable variance of \$6,927,677. For the Road and Bridge Fund, the original and final budget anticipated expenditures to exceed revenues and other sources by \$1,092,494. Actual revenues were more than budgeted estimates by \$392,169. Actual expenditures were less than budgeted estimates by \$1,161,060 and other financing sources were less than budgeted estimates by \$16,870. The net effect is a variance of \$1,536,359.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2022, the County had \$58,815,754 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. This amount represents a net increase of \$3,506,951 or 6%.

CAPITAL ASSETS

in thousands

	Governmental Activities	
	2022	2021
Land	\$ 9,068	\$ 8,458
Construction in Progress	481	41
Buildings & Improvements	51,710	48,701
Infrastructure	83,338	82,748
Machinery & Equipment	9,185	8,780
Vehicles	6,228	5,329
Right-to-Use Lease Assets	68	-
Total Capital Assets	\$ 160,078	\$ 154,057
Accumulated Depreciation	(101,213)	(98,748)
Accumulated Amortization	(50)	-
Capital Assets, Net	<u>58,815</u>	<u>55,309</u>

This year's major additions included:

Kendall Co Youth Agriculture & Equestrian Center	\$	2,609,468
Land		610,000
Building & Improvements		424,007
Equipment		441,076
Vehicles		1,480,407
New Road Construction		590,160
Construction in Progress		440,137
Total	\$	<u><u>6,595,255</u></u>

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

DEBT

At September 30, 2022, the County had the following outstanding debt:

OUTSTANDING DEBT

in thousands

	Governmental Activities	
	2022	2021
Bonds & Leases Payable	\$ 30,960,569	\$ 21,584,577
Net Pension Liability	-	2,754,956
Compensated Absences	933,843	917,048
Total	\$ <u><u>31,894,412</u></u>	\$ <u><u>25,256,581</u></u>

At year-end the County had \$30,960,569 in general obligation and refunding bonds outstanding and leases payable; an increase of \$9,375,992 or 43% from the prior year. The County paid \$2,672,836 in principal on the outstanding long-term debt. The County also issued a \$12,000,000 Tax Note during the year.

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, 2022.

<u>Statement No.</u>	<u>Title</u>	<u>Adoption Required</u>
96	Subscription-Based IT Arrangements	September 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2023 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 2023. Amounts available for appropriation in the General Fund budget are \$36,236,375 and expenditures are estimated to be \$42,656,305. If these estimates are realized, the County's budgetary General fund balance is expected to decrease by \$6,419,930 for fiscal year 2023. Amounts available for appropriation in the Road and Bridge Fund budget are \$3,900,865 and expenditures are estimated to be \$5,127,923. If these estimates are realized, the County's budgetary Road and Bridge Fund balance is expected to decrease by \$1,227,058 for fiscal year 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to 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, 2022

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 14,838,238
Investments - Current	31,938,158
Accounts Receivable, Net	2,588,482
Due from Other Governments	157,399
Capital Assets:	
Land	9,068,241
Infrastructure, Net	6,208,572
Buildings, Net	36,094,971
Improvements, Net	3,789,820
Machinery and Equipment, Net	3,155,078
Right-to-Use Lease Assets	17,905
Construction in Progress	481,167
Net Pension Asset	3,402,491
Total Assets	111,740,522
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	3,651,359
Total Deferred Outflows of Resources	3,651,359
LIABILITIES	
Accounts Payable	1,430,217
Compensated Absences Payable	933,842
Accrued Interest Payable	45,064
Unearned Revenues	5,962,384
Bonds Payable - Current	5,885,000
Right-to-Use Leases Payable - Current	17,752
Noncurrent Liabilities:	
Due in More Than One Year:	
Bonds Payable - Noncurrent	25,057,817
Total Liabilities	39,332,076
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	6,180,872
Total Deferred Inflows of Resources	6,180,872
NET POSITION	
Net Investment in Capital Assets and Lease Assets	27,847,293
Restricted:	
Restricted for Special Revenue	5,899,853
Restricted for Capital Acquisition	11,920,835
Restricted for Debt Service	871,403
Unrestricted	23,339,549
Total Net Position	\$ 69,878,933

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, 2022

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Judicial	\$ 3,005	\$ -	\$ -
Financial Administration	1,075,946	52,562	-
General Administration	2,927,688	1,766,593	2,887,709
Tax Administration	950,332	-	-
Facilities Administration	1,584,628	-	-
Other General Government Functions	523,915	11,483	-
Law Enforcement	6,679,825	411,646	6,276
Fire Protection	1,643,419	-	-
Corrections	3,565,911	-	-
Road and Bridge	5,495,081	3,666,305	75,473
Sanitation	531,864	356,034	15,000
Justice System	5,934,531	881,127	418,343
Juvenile Services	242,534	-	230,100
Health and Human Services	3,914,537	979,809	12,647
Culture and Recreation	1,494,249	-	-
Conservation and Development	969,182	631,392	640
Interest on Debt and Right-to-Use Leases	489,092	-	-
Other Debt Service	81,056	-	-
TOTAL PRIMARY GOVERNMENT	\$ 38,106,795	\$ 8,756,951	\$ 3,646,188

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	
Capital Grants and Contributions		Primary Government Governmental	
\$	-	\$	(3,005)
	-		(1,023,384)
	70,126		1,796,740
	-		(950,332)
	-		(1,584,628)
	-		(512,432)
	-		(6,261,903)
	-		(1,643,419)
	-		(3,565,911)
	-		(1,753,303)
	-		(160,830)
	-		(4,635,061)
	-		(12,434)
	-		(2,922,081)
	-		(1,494,249)
	-		(337,150)
	-		(489,092)
	-		(81,056)
\$	<u>70,126</u>		<u>(25,633,530)</u>

25,646,636
2,747,860
5,257,248
36,289
148,395
2,659,717
290,693
224,197
<u>37,011,035</u>
11,377,505
<u>58,501,428</u>
<u>\$ 69,878,933</u>

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

	General Fund	Road & Bridge Fund	Coronavirus Local Fiscal Recovery Fund
ASSETS			
Cash and Cash Equivalents	\$ 990,214	\$ 245,291	\$ -
Investments - Current	20,836,771	3,477,854	5,926,532
Taxes Receivable	428,690	-	-
Allowance for Uncollectible Taxes (credit)	(8,574)	-	-
Accounts Receivable, Net	1,234,410	169,577	500,000
Due from Other Governments	87,450	-	-
Due from Other Funds	481,589	-	-
Total Assets	<u>\$ 24,050,550</u>	<u>\$ 3,892,722</u>	<u>\$ 6,426,532</u>
LIABILITIES			
Accounts Payable	\$ 825,698	\$ 355,579	\$ 162
Due to Other Funds	-	-	425,781
Unearned Revenues	11,758	-	5,950,626
Total Liabilities	<u>837,456</u>	<u>355,579</u>	<u>6,376,569</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	420,116	-	-
Total Deferred Inflows of Resources	<u>420,116</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Federal or State Funds Grant Restriction	-	-	49,963
Restricted for Special Revenue	-	3,537,143	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	-
Unassigned Fund Balance	22,792,978	-	-
Total Fund Balances	<u>22,792,978</u>	<u>3,537,143</u>	<u>49,963</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 24,050,550</u>	<u>\$ 3,892,722</u>	<u>\$ 6,426,532</u>

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

Debt Service Fund	Capital Projects	Other Funds	Total Governmental Funds
\$ 335,701	\$ 11,920,835	\$ 1,346,197	\$ 14,838,238
534,896	-	1,162,105	31,938,158
62,600	-	-	491,290
(1,252)	-	-	(9,826)
807	-	39,082	1,943,876
-	-	69,949	157,399
-	-	-	481,589
<u>\$ 932,752</u>	<u>\$ 11,920,835</u>	<u>\$ 2,617,333</u>	<u>\$ 49,840,724</u>
\$ -	\$ -	\$ 248,778	\$ 1,430,217
-	-	55,808	481,589
-	-	-	5,962,384
-	-	304,586	7,874,190
61,349	-	-	481,465
61,349	-	-	481,465
-	-	580,160	630,123
-	-	1,732,587	5,269,730
-	11,920,835	-	11,920,835
871,403	-	-	871,403
-	-	-	22,792,978
<u>871,403</u>	<u>11,920,835</u>	<u>2,312,747</u>	<u>41,485,069</u>
<u>\$ 932,752</u>	<u>\$ 11,920,835</u>	<u>\$ 2,617,333</u>	<u>\$ 49,840,724</u>

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

Total Fund Balances - Governmental Funds	\$	41,485,069
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.		32,755,053
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 2022 capital outlays and debt principal payments is to increase net position.		9,268,091
The County is required under GASB Statement No. 68 to report their net pension liability/asset in the Government Wide Statement of Net Position. The items reported as a result of this requirement included a net pension asset of \$3,402,491, a deferred resource outflow of \$3,651,359 and a deferred resource inflow of \$6,180,872. The net effect of these is to increase net position by \$872,978.		872,978
The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on the right-to-use leased assets.		(3,153,025)
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, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(11,349,233)
Net Position of Governmental Activities	\$	69,878,933

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, 2022

	General Fund	Road & Bridge Fund	Coronavirus Local Fiscal Recovery Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 25,599,254	\$ -	\$ -
General Sales and Use Taxes	5,257,248	-	-
Other Taxes	36,289	-	-
Penalty and Interest on Taxes	131,106	-	-
Licenses and Permits	790,419	3,680,684	-
Intergovernmental Revenue and Grants	235,111	37,485	2,907,965
Charges for Services	2,777,532	-	-
Fines	701,455	-	-
Forfeits	180,050	-	-
Special Assessments	17,505	-	-
Investment Earnings	218,743	-	-
Rents and Royalties	15,261	-	-
Contributions & Donations from Private Sources	50,250	-	-
Other Revenue	130,044	-	49,689
Total Revenues	<u>36,140,267</u>	<u>3,718,169</u>	<u>2,957,654</u>
EXPENDITURES:			
Current:			
General Government:			
Judicial	-	-	-
Financial Administration	1,031,007	-	-
General Administration	1,913,211	-	907,965
Tax Administration	917,075	-	-
Facilities Administration	1,588,689	-	-
Other General Government Functions	482,464	-	-
Public Safety:			
Law Enforcement	7,438,025	-	-
Fire Protection	1,538,180	-	-
Corrections	4,778,158	-	-
Public Works:			
Road and Bridge	3,174,745	3,276,009	-
Sanitation	502,619	-	-
Justice System	5,073,288	-	-
Juvenile Services	1,200	-	-
Health and Human Services	3,864,698	-	-
Culture and Recreation	1,339,283	-	-
Conservation and Development	923,559	-	-
Debt Service:			
Principal on Debt and Right-to-Use Leases	321,416	1,420	-
Interest on Debt and Right-to-Use Leases	3,429	5	-
Other Debt Service	-	-	-
Total Expenditures	<u>34,891,046</u>	<u>3,277,434</u>	<u>907,965</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,249,221</u>	<u>440,735</u>	<u>2,049,689</u>
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	-	-	-
Sale of Real and Personal Property	33,588	3,130	-
Transfers In	2,000,000	-	-
Insurance Proceeds	14,710	-	-
Transfers Out	(68,165)	-	(2,000,000)
Other (Uses)	-	-	-
Total Other Financing Sources (Uses)	<u>1,980,133</u>	<u>3,130</u>	<u>(2,000,000)</u>
Net Change in Fund Balances	<u>3,229,354</u>	<u>443,865</u>	<u>49,689</u>
Fund Balance - October 1 (Beginning)	<u>19,563,624</u>	<u>3,093,278</u>	<u>274</u>
Fund Balance - September 30 (Ending)	<u>\$ 22,792,978</u>	<u>\$ 3,537,143</u>	<u>\$ 49,963</u>

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

Debt Service Fund	Capital Projects	Other Funds	Total Governmental Funds
\$ 2,742,895	\$ -	\$ -	\$ 28,342,149
-	-	-	5,257,248
-	-	-	36,289
17,289	-	-	148,395
-	-	-	4,471,103
-	-	535,752	3,716,313
-	-	409,492	3,187,024
-	-	179,671	881,126
-	-	20,143	200,193
-	-	-	17,505
4,300	185	969	224,197
-	-	-	15,261
-	-	-	50,250
-	-	6,232	185,965
<u>2,764,484</u>	<u>185</u>	<u>1,152,259</u>	<u>46,733,018</u>
-	-	3,005	3,005
-	-	-	1,031,007
-	-	98,970	2,920,146
-	-	9,696	926,771
-	-	-	1,588,689
-	-	-	482,464
-	-	29,507	7,467,532
-	-	-	1,538,180
-	-	-	4,778,158
-	-	11,709	6,462,463
-	-	-	502,619
-	-	652,802	5,726,090
-	-	233,865	235,065
-	-	21,667	3,886,365
-	-	-	1,339,283
-	-	-	923,559
2,350,000	-	-	2,672,836
502,567	-	-	506,001
1,706	-	-	1,706
<u>2,854,273</u>	<u>-</u>	<u>1,061,221</u>	<u>42,991,939</u>
(89,789)	185	91,038	3,741,079
-	12,000,000	-	12,000,000
-	-	24,845	61,563
-	-	68,165	2,068,165
-	-	-	14,710
-	-	-	(2,068,165)
-	(79,350)	-	(79,350)
-	<u>11,920,650</u>	<u>93,010</u>	<u>11,996,923</u>
(89,789)	11,920,835	184,048	15,738,002
961,192	-	2,128,699	25,747,067
<u>\$ 871,403</u>	<u>\$ 11,920,835</u>	<u>\$ 2,312,747</u>	<u>\$ 41,485,069</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, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	15,738,002
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 2022 capital outlays and debt principal payments is to increase the change in net position.		9,268,091
The entries required by GASB Statement No. 68 did require that some expenses on Exhibit B-1 be adjusted. Total credits to expense were \$3,915,648 and total debits were \$2,465,769. The net effect on the change in net position on Exhibit B-1 is an increase of \$1,449,879.		1,449,879
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. Please note this includes amortization on right-to-use leased assets.		(3,153,025)
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, reclassifying the proceeds of bond sales, 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.		(11,925,442)
Change in Net Position of Governmental Activities	\$	11,377,505

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, 2022

EXHIBIT E-1

	Private Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 89,555	\$ 13,366,008
Investments - Current	-	969
Accounts Receivable, Net	105	67,282
Total Assets	<u>89,660</u>	<u>13,434,259</u>
LIABILITIES		
Accounts Payable	1,275	259,136
Intergovernmental Payable	-	113,125
Total Liabilities	<u>1,275</u>	<u>372,261</u>
NET POSITION		
Restricted for Other Purposes	<u>88,385</u>	<u>13,061,998</u>
Total Net Position	<u>\$ 88,385</u>	<u>\$ 13,061,998</u>

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

KENDALL COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT E-2

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Charges for Services	\$ -	\$ 718,454
Investment Earnings	-	1,002
Contributions & Donations from Private Sources	27,952	-
Other Revenue	3,870	96,243,005
Total Additions	<u>31,822</u>	<u>96,962,461</u>
DEDUCTIONS:		
Other Operating Costs	66,422	93,990,670
Total Deductions	<u>66,422</u>	<u>93,990,670</u>
Net Change in Fiduciary Net Position	(34,600)	2,971,791
Total Net Position - October 1 (Beginning)	<u>122,985</u>	<u>10,090,207</u>
Total Net Position - September 30 (Ending)	<u>\$ 88,385</u>	<u>\$ 13,061,998</u>

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

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

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 law enforcement center expansion project and a new emergency medical services facility.

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, 2022, the accumulated vacation, sick leave, and comp-time amounted to \$933,843. 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

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" 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.

Use of Estimates

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

Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in a separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Revenues not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Implementation of GASB Statement No. 87

As of October 1, 2021, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Disclosures required by this standard are included in Note 3.H.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Revenues

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the County is subject to various federal, state and local laws and contractual regulations. An analysis of the County's compliance with significant laws and regulations and demonstration of its stewardship over County resources follows.

Budgetary Information

The original budget is adopted by the Commissioners Court and filed with the Kendall County Clerk. Amendments are made during the year on approval by the Commissioners Court. The final amended budget is used in this report.

Funds which have legally adopted annual budgets include the General, Special Revenue, Debt Service, and Capital Projects Funds. The budget should not be exceeded in any expenditure category under State law. 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, 2022, the carrying amount of the County's deposits was \$19,328,588 and the bank balance was \$20,152,936. The County's cash deposits held at Frost National Bank at September 30, 2022 and during the year ended September 30, 2022 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:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
<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	-
TXN 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	\$ 30,445,126	\$ 30,445,126	*	*
TOTAL INVESTMENTS	<u><u>31,939,126</u></u>	<u><u>31,939,126</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, 2022, Logic had a weighted average maturity of 19 days and a net asset value of \$0.999709. 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, 2022, 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 2021 tax roll, the total assessed valuation was \$7,346,164,450 and the taxes assessed amounted to \$28,934,931. The total tax rate was \$0.4127 per \$100 valuation and allocated \$0.364269 to Maintenance and Operations and \$0.048431 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, 2022.

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	\$ 428,690	\$ (8,574)	\$ 420,116
Debt Service Fund	62,600	(1,252)	61,348
TOTAL- ALL FUNDS	\$ 491,290	\$ (9,826)	\$ 481,464

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	\$ 420,116
Unearned Revenue	11,758
Coronavirus Local & Fiscal Recovery	
Unearned Revenue	5,950,626
Debt Service	
Unavailable Revenue- Property Taxes	61,349
Total Unavailable & Unearned Revenue	<u>\$ 6,443,849</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 \$652,566 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 \$489,424 resulting in a net receivable of \$163,142.

3.D. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2022.

	Balance 09/30/21	Additions	Deletions	Balance 09/30/22
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,458,241	\$ 610,000	-	\$ 9,068,241
Construction Work in Progress	41,029	440,138	-	481,167
Total Assets Not Being Depreciated	<u>8,499,270</u>	<u>1,050,138</u>	<u>-</u>	<u>9,549,408</u>
Capital Assets, Being Depreciated:				
Buildings	42,331,165	2,717,581	-	45,048,746
Improvements	6,369,145	292,064	-	6,661,209
Machinery & Equipment	8,779,373	620,426	(215,135)	9,184,664
Vehicles	5,329,286	1,324,886	(425,903)	6,228,269
Infrastructure	82,748,263	590,160	-	83,338,423
Total Capital Assets Being Depreciated	<u>145,557,232</u>	<u>5,545,117</u>	<u>(641,038)</u>	<u>150,461,311</u>
Less Accumulated Depreciation:				
Buildings	(7,835,909)	(1,117,866)	-	(8,953,775)
Improvements	(2,603,992)	(275,928)	-	(2,879,920)
Machinery & Equipment	(7,875,245)	(399,686)	212,278	(8,062,653)
Vehicles	(3,950,562)	(662,012)	425,903	(4,186,671)
Infrastructure	(76,481,991)	(647,860)	-	(77,129,851)
Total Accumulated Depreciation	<u>(98,747,699)</u>	<u>(3,103,352)</u>	<u>638,181</u>	<u>(101,212,870)</u>
Total Capital Assets Being Depreciated, Net	<u>46,809,533</u>	<u>2,441,765</u>	<u>(2,857)</u>	<u>49,248,441</u>
Right-to-Use Lease Assets being Amortized				
Equipment	67,578	-	-	67,578
Total Right-to-Use Lease Assets	<u>67,578</u>	<u>-</u>	<u>-</u>	<u>67,578</u>
Less Accumulated Amortization:				
Equipment	-	(49,673)	-	(49,673)
Total Accumulated Amortization	<u>-</u>	<u>(49,673)</u>	<u>-</u>	<u>(49,673)</u>
Total Right-to-Use Assets being Amortized, Net	<u>67,578</u>	<u>(49,673)</u>	<u>-</u>	<u>17,905</u>
Governmental Activities Capital Assets, Net	<u>\$ 55,376,381</u>	<u>\$ 3,442,230</u>	<u>\$ (2,857)</u>	<u>\$ 58,815,754</u>

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

Governmental Activities:	
Financial Administration	\$ 77,588
General Administration	149,291
Tax Administration	69,742
Facilities Management	119,553
Election Services	57,098
Law Enforcement	560,241
Fire Protection	115,752
Corrections	356,603
Roads & Bridges	486,318
Sanitation	37,823
Justice System	485,354
Juvenile Services	22,075
Health & Human Services	292,460
Culture and Recreation	199,333
Conservation & Development	74,121
Total Depreciation Expense - Governmental Activities	<u>\$ 3,103,352</u>

Amortization expense was charged to functions of the County as follows:

Governmental Activities:	
Financial Administration	\$ 2,842
General Administration	11,949
Tax Administration	1,421
Election Services	1,421
Law Enforcement	4,263
Corrections	3,032
Roads & Bridges	4,263
Justice System	14,665
Health & Human Services	2,975
Culture and Recreation	1,421
Conservation & Development	1,421
Total Amortization Expense -	
Governmental Activities	\$ <u>49,673</u>

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2022, is as follows:

Interfund Receivables and Payables

	Receivable	Payable
General Fund	\$ 481,589	\$ -
Coronavirus Local Fiscal Recovery Fund	-	425,781
Nonmajor Funds	-	55,808
	<u>481,589</u>	<u>55,808</u>
TOTAL	\$ <u>481,589</u>	\$ <u>481,589</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

	Transfers In	Transfers Out
General Fund	\$ 2,000,000	\$ -
Coronavirus Local Fiscal Recovery	-	2,000,000
Nonmajor Funds	68,165	68,165
	<u>2,068,165</u>	<u>2,068,165</u>
TOTAL	\$ <u>2,068,165</u>	\$ <u>2,068,165</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, 2022, the governmental long-term debt consisted of the following:

	Balance 10/1/2021	Issued	Retired	Balance 9/30/2022	Due Within One Year
Bonds Payable -					
Series 2007	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
Series 2013	2,085,000	-	1,000,000	1,085,000	1,085,000
Series 2016	18,800,000	-	1,100,000	17,700,000	1,300,000
Series 2022	-	12,000,000	-	12,000,000	3,500,000
Total Bonds Payable	<u>\$ 21,135,000</u>	<u>\$ 12,000,000</u>	<u>\$ 2,350,000</u>	<u>\$ 30,785,000</u>	<u>\$ 5,885,000</u>
Premium on Bonds	\$ 176,567	\$ -	\$ 18,750	\$ 157,817	\$ -
Total Net Bonds Payable	<u>\$ 21,311,567</u>	<u>\$ 12,000,000</u>	<u>\$ 2,368,750</u>	<u>\$ 30,942,817</u>	<u>\$ 5,885,000</u>
Note Payable -					
Nationwide Capital	\$ 273,010	\$ -	\$ 273,010	\$ -	\$ -
Lease Liability	\$ 67,578	\$ -	\$ 49,826	\$ 17,752	\$ 17,752
Compensated Absences	\$ 925,950	\$ 7,893	\$ -	\$ 933,843	\$ -
TOTAL LONG TERM DEBT	<u>\$ 22,578,105</u>	<u>\$ 12,007,893</u>	<u>\$ 2,691,586</u>	<u>\$ 31,894,412</u>	<u>\$ 5,902,752</u>

3.G. BONDS PAYABLE

Bonds payable at September 30, 2022 consists of the following:

	Balance at 9/30/2022	Due Within One Year
\$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%.	1,085,000	1,085,000
\$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%.	17,700,000	1,300,000
\$12,000,000 Texas Tax Note, Series 2022 due in annual installments of \$665,000 to \$3,500,000 through March 1, 2029; interest on remaining bonds at 2.93%	12,000,000	3,500,000
Total Bonds Payable	<u>\$ 30,785,000</u>	<u>\$ 5,885,000</u>

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 5,885,000	\$ 708,611	\$ 6,593,611
2024	5,700,000	545,775	6,245,775
2025	2,865,000	418,758	3,283,758
2026	2,940,000	353,245	3,293,245
2027	3,030,000	284,384	3,314,384
2028-2031	10,365,000	370,979	10,735,979
Totals	<u>\$ 30,785,000</u>	<u>\$ 2,681,752</u>	<u>\$ 33,466,752</u>

3.H. LEASE LIABILITY

On October 1, 2021, the County had a 13 month lease as Lessee for the use of Apple ipads. An initial lease liability was recorded in the amount of \$9,923. As of September 30, 2022, the value of the lease liability was \$765. The County is required to make monthly fixed payments of \$765. The lease has an interest rate of 0.3871%.

On October 1, 2021, the County had a 17 month lease as Lessee for the use of Xerox copiers. An initial lease liability was recorded in the amount of \$57,655. As of September 30, 2022, the value of the lease liability was \$16,987. The County is required to make monthly fixed payments of \$3,401. The lease has an interest rate of 0.3871%.

Remaining obligations associated with leases are as follows:

Year Ended September 30,	Prinicpal	Interest	Annual Requirements
2023	\$ 17,752	\$ 17	\$ 17,769
Total	\$ 17,752	\$ 17	\$ 17,769

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 2021 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](https://www.tcdrs.org/Employer).

Members covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	163
Active employees	285
	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 2021 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, 2022, were \$1,655,871, and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

The Total Pension Liability in December 31, 2021 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 (level percent of pay) (1)
Amortization Method Recognition of	Straight-Line amortization over Expected Working Life

Economic/Demographic Gains or Losses	
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 1.7% 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	Pub-2010 Mortality Tables
Adjustment for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	The termination rate is 0% for the two years immediately prior to retirement eligibility. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option was available.

(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 2022 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%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World EX USA (net) Index	5.00%	3.80%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

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

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 2.6%, per Cliffwater's 2022 capital market assumptions.

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

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

⁽⁵⁾ Includes vintage 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, 2020	\$ 47,543,209	\$ 44,788,253	\$ 2,754,956
Changes for the year:			
Service cost	2,049,790		2,049,790
Interest on total pension liability ⁽¹⁾	3,717,190		3,717,190
Effect of plan changes ⁽²⁾	(81,975)		(81,975)
Effects of economic/demographic gains or losses	556,952		556,952
Effect of assumptions changes or inputs	(29,959)		(29,959)
Refund of contributions	(53,153)	(53,153)	-
Benefit payments	(1,337,520)	(1,337,520)	-
Administrative expenses		(30,171)	30,171
Member contributions		1,160,688	(1,160,688)
Net investment income		9,954,282	(9,954,282)
Employer contributions		1,243,595	(1,243,595)
Other ⁽³⁾	-	41,051	(41,051)
Balances as of December 31, 2021	\$ 52,364,534	\$ 55,767,025	\$ (3,402,491)

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

(2) Reflects plan changes adopted effective in 2022.

(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	\$ 60,080,885	\$ 52,364,534	\$ 45,966,413
Fiduciary net position	55,767,025	55,767,025	55,767,025
Net pension liability/(asset)	\$ 4,313,860	\$ (3,402,491)	\$ (9,800,612)

Pension Expense/ (Income)

Prepaid Expense / (Income)	January 1, 2021 to December 31, 2021
Service cost	\$ 2,049,790
Interest on total pension liability ⁽¹⁾	3,717,190
Effect of plan changes	(81,975)
Administrative expenses	30,171
Member contributions	(1,160,688)
Expected investment return net of investment expenses	(3,442,125)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	231,186
Recognition of assumption changes or inputs	623,332
Recognition of investment gains or losses	(1,719,835)
Other ⁽²⁾	(41,051)
Pension expense/ (income)	\$ 205,995

⁽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, 2021, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 8,463	\$ 649,239
Changes of assumptions	22,469	1,701,804
Net difference between projected and actual earnings	6,149,940	-
Contributions made subsequent to measurement date ⁽³⁾	N/A	1,300,316
	\$ 6,180,872	\$ 3,651,359

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:	
2022	\$ (567,788)
2023	(1,222,555)
2024	(737,053)
2025	(1,302,433)
2026	-
	-

⁽⁴⁾ 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, 2022, the participants had a balance of \$406,231 in Nationwide Retirement Solutions and \$1,841,980 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. Streets & Drainage Improvements	Southside Bank	\$ 1,927,149	12/7/2021	12/3/2023
Water & Sewer Improvements	Bank	\$ 711,636	12/7/2021	12/3/2023
CR/KWW Partnership, Ltd. Streets & Drainage Improvements	Southside Bank	\$ 524,049	5/18/2022	5/6/2024
CR/KWW Partnership, Ltd. Water & Sewer Improvements	Southside Bank	\$ 16,535	5/23/2022	5/6/2024
Bergheim Business Park I Water, Streets & Drainage	Vantage Bank	\$ 375,629	7/25/2022	6/30/2024
Tapatio Springs The Hearland Road & Drainage Improvements	Bank of America	\$ 936,617	9/6/2022	6/27/2023

4.G. UNEARNED REVNEUES

Unspent U.S. Department of Treasury State and Local Fiscal Recovery Funds in the amount of \$5,950,626 are classified as unearned revenue in the Coronavirus Local Fiscal Recovery Fund. The funds are for response to the COVID-19 public health emergency.

4. H. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 16, 2023, the date which the financial statements were available to be issued. The County issued General Obligation Bonds in the amount of \$20,000,000 in November of 2022 for acquiring open space and conservation land and acquiring conservation easements on land. The County is not aware of any other 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, 2022

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 25,320,000	\$ 25,320,000	\$ 25,599,254	\$ 279,254
General Sales and Use Taxes	4,300,000	4,300,000	5,257,248	957,248
Other Taxes	31,000	31,000	36,289	5,289
Penalty and Interest on Taxes	130,000	130,000	131,106	1,106
Licenses and Permits	562,000	562,000	790,419	228,419
Intergovernmental Revenue and Grants	282,170	297,170	235,111	(62,059)
Charges for Services	2,430,742	2,405,742	2,777,532	371,790
Fines	504,000	504,000	701,455	197,455
Forfeits	70,000	70,000	180,050	110,050
Special Assessments	25,155	25,155	17,505	(7,650)
Investment Earnings	75,000	75,000	218,743	143,743
Rents and Royalties	10,000	10,000	15,261	5,261
Contributions & Donations from Private Sources	10,000	60,000	50,250	(9,750)
Other Revenue	170,025	195,025	130,044	(64,981)
Total Revenues	33,920,092	33,985,092	36,140,267	2,155,175
EXPENDITURES:				
Current:				
Financial Administration	731,008	1,056,392	1,031,007	25,385
General Administration	5,758,898	2,600,776	1,913,211	687,565
Tax Administration	928,799	937,717	917,075	20,642
Facilities Administration	1,755,118	1,756,318	1,588,689	167,629
Other General Government Functions	797,116	801,693	482,464	319,229
Law Enforcement	7,572,639	8,210,171	7,438,025	772,146
Fire Protection	1,568,682	1,590,932	1,538,180	52,752
Corrections	4,017,075	6,067,205	4,778,158	1,289,047
Road and Bridge	3,526,452	3,542,896	3,174,745	368,151
Sanitation	1,203,209	1,065,649	502,619	563,030
Justice System	5,238,114	5,441,078	5,073,288	367,790
Juvenile Services	1,200	1,200	1,200	-
Health and Human Services	4,156,292	4,229,714	3,864,698	365,016
Culture and Recreation	1,395,843	1,410,704	1,339,283	71,421
Conservation and Development	948,832	951,832	923,559	28,273
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	321,416	(321,416)
Interest on Debt and Right-to-Use Leases	-	-	3,429	(3,429)
Total Expenditures	39,599,277	39,664,277	34,891,046	4,773,231
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,679,185)	(5,679,185)	1,249,221	6,928,406
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	30,000	30,000	33,588	3,588
Transfers In	2,000,000	2,000,000	2,000,000	-
Insurance Proceeds	30,000	30,000	14,710	(15,290)
Transfers Out	(79,138)	(79,138)	(68,165)	10,973
Total Other Financing Sources (Uses)	1,980,862	1,980,862	1,980,133	(729)
Net Change in Fund Balances	(3,698,323)	(3,698,323)	3,229,354	6,927,677
Fund Balance - October 1 (Beginning)	19,563,624	19,563,624	19,563,624	-
Fund Balance - September 30 (Ending)	\$ 15,865,301	\$ 15,865,301	\$ 22,792,978	\$ 6,927,677

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, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Licenses and Permits	\$ 3,280,000	\$ 3,280,000	\$ 3,680,684	\$ 400,684
Intergovernmental Revenue and Grants	41,000	41,000	37,485	(3,515)
Other Revenue	5,000	5,000	-	(5,000)
Total Revenues	<u>3,326,000</u>	<u>3,326,000</u>	<u>3,718,169</u>	<u>392,169</u>
EXPENDITURES:				
Public Works:				
Road and Bridge	4,438,494	4,438,494	3,276,009	1,162,485
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	1,420	(1,420)
Interest on Debt and Right-to-Use Leases	-	-	5	(5)
Total Expenditures	<u>4,438,494</u>	<u>4,438,494</u>	<u>3,277,434</u>	<u>1,161,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,112,494)</u>	<u>(1,112,494)</u>	<u>440,735</u>	<u>1,553,229</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	20,000	20,000	3,130	(16,870)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>3,130</u>	<u>(16,870)</u>
Change in Fund Balance	(1,092,494)	(1,092,494)	443,865	1,536,359
Fund Balance - October 1 (Beginning)	<u>3,093,278</u>	<u>3,093,278</u>	<u>3,093,278</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 2,000,784</u>	<u>\$ 2,000,784</u>	<u>\$ 3,537,143</u>	<u>\$ 1,536,359</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, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
A. Total Pension Liability			
Service Cost	\$ 2,049,790	\$ 1,773,811	\$ 1,620,120
Interest (on the Total Pension Liability)	3,717,190	3,389,116	3,074,826
Changes of Benefit Terms	(81,975)	-	-
Difference between Expected and Actual Experience	556,952	184,186	302,531
Changes of Assumptions	(29,959)	2,836,340	-
Benefit Payments, Including Refunds of Employee Contributions	(1,390,673)	(1,387,728)	(1,158,803)
Net Change in Total Pension Liability	\$ 4,821,325	\$ 6,795,725	\$ 3,838,674
Total Pension Liability - Beginning	47,543,208	40,747,483	36,908,810
Total Pension Liability - Ending	\$ 52,364,533	\$ 47,543,208	\$ 40,747,484
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 1,243,595	\$ 1,194,714	\$ 1,109,155
Contributions - Employee	1,160,688	1,112,095	1,040,764
Net Investment Income	9,954,282	4,109,489	5,466,602
Benefit Payments, Including Refunds of Employee Contributions	(1,390,673)	(1,387,728)	(1,158,803)
Administrative Expense	(30,171)	(32,772)	(30,300)
Other	41,050	31,135	39,472
Net Change in Plan Fiduciary Net Position	\$ 10,978,771	\$ 5,026,933	\$ 6,466,890
Plan Fiduciary Net Position - Beginning	44,788,253	39,761,319	33,294,429
Plan Fiduciary Net Position - Ending	\$ 55,767,024	\$ 44,788,252	\$ 39,761,319
C. Net Pension Liability (Asset)	\$ (3,402,491)	\$ 2,754,956	\$ 986,165
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.50%	94.21%	97.58%
E. Covered Payroll	\$ 16,581,251	\$ 15,887,176	\$ 14,868,050
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	(20.52%)	17.34%	6.63%

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 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	1,414,049	\$	1,341,780	\$	1,308,420	\$	1,173,891	\$	1,113,274
	2,808,842		2,524,822		2,259,198		2,109,062		1,896,754
	-		244,116		-		(219,294)		-
	(42,307)		15,337		(82,610)		(756,865)		207,443
	-		317,774		-		286,366		-
	(1,049,135)		(971,745)		(842,767)		(705,330)		(614,402)
\$	3,131,449	\$	3,472,084	\$	2,642,241	\$	1,887,830	\$	2,603,068
	33,777,361		30,305,277		27,663,036		25,775,206		23,172,138
\$	36,908,810	\$	33,777,361	\$	30,305,277	\$	27,663,036	\$	25,775,206
\$	979,636	\$	795,716	\$	820,085	\$	777,746	\$	782,906
	930,404		833,837		778,916		726,864		719,206
	(605,861)		4,135,192		1,896,749		(145,262)		1,548,686
	(1,049,135)		(971,745)		(842,767)		(705,331)		(614,402)
	(26,742)		(21,971)		(20,643)		(18,253)		(18,380)
	28,968		8,609		34,451		(51,736)		(42,969)
\$	257,270	\$	4,779,638	\$	2,666,791	\$	584,028	\$	2,375,048
	33,037,159		28,257,521		25,590,731		25,006,702		22,631,654
\$	33,294,429	\$	33,037,159	\$	28,257,522	\$	25,590,730	\$	25,006,702
\$	3,614,381	\$	740,202	\$	2,047,755	\$	2,072,306	\$	768,504
	90.21%		97.81%		93.24%		92.51%		97.02%
\$	13,291,486	\$	11,911,953	\$	11,127,366	\$	10,383,778	\$	10,274,371
	27.19%		6.21%		18.40%		19.96%		7.48%

KENDALL COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

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
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%
2021	1,243,595	1,243,595	-	16,581,251	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, 2022

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 (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.8 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefits payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Tables for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	<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> <p>2021: 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, 2022

	13 Courthouse Security Fund	15 Lateral Road & Bridge Fund	16 Court Reporter Service Fund	17 Attorney Hot Checks Fund
ASSETS				
Cash and Cash Equivalents	\$ 85,017	\$ 63,570	\$ 33,293	\$ -
Investments - Current	26,804	212,861	-	-
Accounts Receivable, Net	4,548	-	1,545	-
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 116,369</u>	<u>\$ 276,431</u>	<u>\$ 34,838</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ 6,994	\$ -	\$ 5,097	\$ -
Due to Other Funds	-	-	-	-
Total Liabilities	<u>6,994</u>	<u>-</u>	<u>5,097</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	276,431	-	-
Restricted for Special Revenue	109,375	-	29,741	-
Total Fund Balances	<u>109,375</u>	<u>276,431</u>	<u>29,741</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 116,369</u>	<u>\$ 276,431</u>	<u>\$ 34,838</u>	<u>\$ -</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
\$ 177,162	\$ 85,609	\$ 49,276	\$ 38,231	\$ 22,599	\$ 2,260	\$ 22,689	\$ 324,984
352,104	-	-	-	-	-	-	274,142
9,820	2,065	1,661	15	152	1,020	961	9,750
-	-	-	-	-	-	-	-
<u>\$ 539,086</u>	<u>\$ 87,674</u>	<u>\$ 50,937</u>	<u>\$ 38,246</u>	<u>\$ 22,751</u>	<u>\$ 3,280</u>	<u>\$ 23,650</u>	<u>\$ 608,876</u>
\$ 12,426	\$ -	\$ -	\$ -	\$ 462	\$ 3,280	\$ -	\$ 205,922
-	-	-	-	-	-	-	-
<u>12,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>462</u>	<u>3,280</u>	<u>-</u>	<u>205,922</u>
-	-	-	-	-	-	-	-
526,660	87,674	50,937	38,246	22,289	-	23,650	402,954
<u>526,660</u>	<u>87,674</u>	<u>50,937</u>	<u>38,246</u>	<u>22,289</u>	<u>-</u>	<u>23,650</u>	<u>402,954</u>
<u>\$ 539,086</u>	<u>\$ 87,674</u>	<u>\$ 50,937</u>	<u>\$ 38,246</u>	<u>\$ 22,751</u>	<u>\$ 3,280</u>	<u>\$ 23,650</u>	<u>\$ 608,876</u>

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

	27 Vital Statistics Fund	28 Pre-Trial Intervention Fund	29 LEOSE Training Allocation	30 County Jury Fund
ASSETS				
Cash and Cash Equivalents	\$ 725	\$ 18,111	\$ 51,675	\$ 7,169
Investments - Current	-	-	-	-
Accounts Receivable, Net	53	758	-	668
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 778</u>	<u>\$ 18,869</u>	<u>\$ 51,675</u>	<u>\$ 7,837</u>
LIABILITIES				
Accounts 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	-	-	51,675	-
Restricted for Special Revenue	778	18,869	-	7,837
Total Fund Balances	<u>778</u>	<u>18,869</u>	<u>51,675</u>	<u>7,837</u>
Total Liabilities and Fund Balances	<u>\$ 778</u>	<u>\$ 18,869</u>	<u>\$ 51,675</u>	<u>\$ 7,837</u>

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

31 County Record Management & Preservation	32 Appellate Judicial System	33 Juvenile Board State Grants	34 Juvenile Board Title IV-E	35 County Juvenile Probation	36 Local Truancy Prev & Diversion	37 Court Initiated Guardianship	41 MVDIT Interest Fund
\$ 16,430	\$ 655	\$ -	\$ 81	\$ -	\$ 44,997	\$ 4,620	\$ 23,345
-	-	-	-	-	-	-	-
1,820	295	-	-	-	1,999	420	1,532
-	-	16,003	-	-	-	-	-
<u>\$ 18,250</u>	<u>\$ 950</u>	<u>\$ 16,003</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 46,996</u>	<u>\$ 5,040</u>	<u>\$ 24,877</u>
\$ -	\$ 950	\$ 11,335	\$ 81	\$ -	\$ -	\$ -	\$ -
-	-	3,405	-	-	-	-	-
-	950	14,740	81	-	-	-	-
-	-	1,263	-	-	-	-	-
18,250	-	-	-	-	46,996	5,040	24,877
<u>18,250</u>	<u>-</u>	<u>1,263</u>	<u>-</u>	<u>-</u>	<u>46,996</u>	<u>5,040</u>	<u>24,877</u>
<u>\$ 18,250</u>	<u>\$ 950</u>	<u>\$ 16,003</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 46,996</u>	<u>\$ 5,040</u>	<u>\$ 24,877</u>

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

	42 Special Election Fund	43 Fire Inspection & Permit Fund	50 Crime Victims Grant	51 VAWA Grant Fund
ASSETS				
Cash and Cash Equivalents	\$ 24,107	\$ 60,856	\$ -	\$ -
Investments - Current	-	187,161	-	-
Accounts Receivable, Net	-	-	-	-
Due from Other Governments	-	-	36,041	13,831
Total Assets	<u>\$ 24,107</u>	<u>\$ 248,017</u>	<u>\$ 36,041</u>	<u>\$ 13,831</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 173	\$ 81	\$ -
Due to Other Funds	-	-	35,960	13,831
Total Liabilities	<u>-</u>	<u>173</u>	<u>36,041</u>	<u>13,831</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	-	-
Restricted for Special Revenue	24,107	247,844	-	-
Total Fund Balances	<u>24,107</u>	<u>247,844</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 24,107</u>	<u>\$ 248,017</u>	<u>\$ 36,041</u>	<u>\$ 13,831</u>

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

80 Tobacco Settlement Fund	84 Sheriff Abandoned Vehicles	85 Sheriff Local Asset Forfeiture	87 Sheriff Federal Asset Forfeiture	96 Public Grant Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 70,088	\$ 4,163	\$ 42,300	\$ 72,104	\$ 81	\$ 1,346,197	\$ 1,346,197
31,216	-	-	77,817	-	1,162,105	1,162,105
-	-	-	-	-	39,082	39,082
-	-	-	-	4,074	69,949	69,949
<u>\$ 101,304</u>	<u>\$ 4,163</u>	<u>\$ 42,300</u>	<u>\$ 149,921</u>	<u>\$ 4,155</u>	<u>\$ 2,617,333</u>	<u>\$ 2,617,333</u>
\$ 185	\$ -	\$ -	\$ 330	\$ 1,462	\$ 248,778	\$ 248,778
-	-	-	-	2,612	55,808	55,808
<u>185</u>	<u>-</u>	<u>-</u>	<u>330</u>	<u>4,074</u>	<u>304,586</u>	<u>304,586</u>
101,119	-	-	149,591	81	580,160	580,160
-	4,163	42,300	-	-	1,732,587	1,732,587
<u>101,119</u>	<u>4,163</u>	<u>42,300</u>	<u>149,591</u>	<u>81</u>	<u>2,312,747</u>	<u>2,312,747</u>
<u>\$ 101,304</u>	<u>\$ 4,163</u>	<u>\$ 42,300</u>	<u>\$ 149,921</u>	<u>\$ 4,155</u>	<u>\$ 2,617,333</u>	<u>\$ 2,617,333</u>

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

	13 Courthouse Security Fund	15 Lateral Road & Bridge Fund	16 Court Reporter Service Fund	17 Attorney Hot Checks Fund
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 26,279	\$ -	\$ -
Charges for Services	32,506	-	16,017	-
Fines	19,897	-	2,880	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	52,403	26,279	18,897	-
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	-	-	-	-
Tax Administration	-	-	-	-
Public Safety:				
Law Enforcement	20,423	-	-	-
Public Works:				
Road and Bridge	-	-	-	-
Justice System	-	-	10,883	38
Juvenile Services	-	-	-	-
Health and Human Services	-	-	-	-
Total Expenditures	20,423	-	10,883	38
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,980	26,279	8,014	(38)
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	31,980	26,279	8,014	(38)
Fund Balance - October 1 (Beginning)	77,395	250,152	21,727	38
Fund Balance - September 30 (Ending)	\$ 109,375	\$ 276,431	\$ 29,741	\$ -

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	21,035	17,950	-	2,499	9,015	1,460	130,990
131,250	6,720	-	280	-	4,545	14,099	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>131,250</u>	<u>27,755</u>	<u>17,950</u>	<u>280</u>	<u>2,499</u>	<u>13,560</u>	<u>15,559</u>	<u>130,990</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
87,588	16,936	19,882	-	1,218	13,560	18,000	206,372
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>87,588</u>	<u>16,936</u>	<u>19,882</u>	<u>-</u>	<u>1,218</u>	<u>13,560</u>	<u>18,000</u>	<u>206,372</u>
43,662	10,819	(1,932)	280	1,281	-	(2,441)	(75,382)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
43,662	10,819	(1,932)	280	1,281	-	(2,441)	(75,382)
482,998	76,855	52,869	37,966	21,008	-	26,091	478,336
<u>\$ 526,660</u>	<u>\$ 87,674</u>	<u>\$ 50,937</u>	<u>\$ 38,246</u>	<u>\$ 22,289</u>	<u>\$ -</u>	<u>\$ 23,650</u>	<u>\$ 402,954</u>

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

	27 Vital Statistics Fund	28 Pre-Trial Intervention Fund	29 LEOSE Training Allocation	30 County Jury Fund
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 6,915	\$ -
Charges for Services	(718)	18,239	-	6,912
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>(718)</u>	<u>18,239</u>	<u>6,915</u>	<u>6,912</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	-	-	-	-
Tax Administration	-	-	-	-
Law Enforcement	-	-	5,891	-
Public Works:				
Road and Bridge	-	-	-	-
Justice System	-	-	-	-
Juvenile Services	-	-	-	-
Health and Human Services	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>5,891</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(718)</u>	<u>18,239</u>	<u>1,024</u>	<u>6,912</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(718)	18,239	1,024	6,912
Fund Balance - October 1 (Beginning)	<u>1,496</u>	<u>630</u>	<u>50,651</u>	<u>925</u>
Fund Balance - September 30 (Ending)	<u>\$ 778</u>	<u>\$ 18,869</u>	<u>\$ 51,675</u>	<u>\$ 7,837</u>

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

31 County Record Management & Preservation	32 Appellate Judicial System	33 Juvenile Board State Grants	34 Juvenile Board Title IV-E	35 County Juvenile Probation	36 Local Truancy Prev & Diversion	37 Court Initiated Guardianship	41 MVDIT Interest Fund
\$ -	\$ -	\$ 230,100	\$ -	\$ -	\$ -	\$ -	\$ -
18,250	3,005	-	-	-	20,949	5,040	-
-	-	-	-	-	-	-	-
-	-	5	-	-	-	-	115
-	-	-	-	-	-	-	6,232
<u>18,250</u>	<u>3,005</u>	<u>230,105</u>	<u>-</u>	<u>-</u>	<u>20,949</u>	<u>5,040</u>	<u>6,347</u>
-	3,005	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,696
-	-	-	-	-	-	-	-
-	-	230,100	3,765	-	-	-	-
-	-	-	-	-	-	-	-
-	<u>3,005</u>	<u>230,100</u>	<u>3,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,696</u>
<u>18,250</u>	<u>-</u>	<u>5</u>	<u>(3,765)</u>	<u>-</u>	<u>20,949</u>	<u>5,040</u>	<u>(3,349)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>18,250</u>	<u>-</u>	<u>5</u>	<u>(3,765)</u>	<u>-</u>	<u>20,949</u>	<u>5,040</u>	<u>(3,349)</u>
-	-	1,258	3,765	-	26,047	-	28,226
<u>\$ 18,250</u>	<u>\$ -</u>	<u>\$ 1,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,996</u>	<u>\$ 5,040</u>	<u>\$ 24,877</u>

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

	42 Special Election Fund	43 Fire Inspection & Permit Fund	50 Crime Victims Grant	51 VAWA Grant Fund
REVENUES:				
Intergovernmental Revenue and Grants	\$ 10,250	\$ -	\$ 135,160	\$ 75,000
Charges for Services	11,483	94,860	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>21,733</u>	<u>94,860</u>	<u>135,160</u>	<u>75,000</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	20,650	78,320	-	-
Tax Administration	-	-	-	-
Public Safety:				
Law Enforcement	-	-	-	-
Public Works:				
Road and Bridge	-	-	-	-
Justice System	-	-	171,182	107,143
Juvenile Services	-	-	-	-
Health and Human Services	-	-	-	-
Total Expenditures	<u>20,650</u>	<u>78,320</u>	<u>171,182</u>	<u>107,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,083</u>	<u>16,540</u>	<u>(36,022)</u>	<u>(32,143)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	36,022	32,143
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>36,022</u>	<u>32,143</u>
Net Change in Fund Balance	1,083	16,540	-	-
Fund Balance - October 1 (Beginning)	<u>23,024</u>	<u>231,304</u>	<u>-</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 24,107</u>	<u>\$ 247,844</u>	<u>\$ -</u>	<u>\$ -</u>

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

80 Tobacco Settlement Fund	84 Sheriff Abandoned Vehicles	85 Sheriff Local Asset Forfeiture	87 Sheriff Federal Asset Forfeiture	96 Public Grant Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 40,339	\$ -	\$ -	\$ -	\$ 11,709	\$ 535,752	\$ 535,752
-	-	-	-	-	409,492	409,492
-	-	-	-	-	179,671	179,671
241	-	20,143	-	-	20,143	20,143
-	-	2	606	-	969	969
-	-	-	-	-	6,232	6,232
<u>40,580</u>	<u>-</u>	<u>20,145</u>	<u>606</u>	<u>11,709</u>	<u>1,152,259</u>	<u>1,152,259</u>
-	-	-	-	-	3,005	3,005
-	-	-	-	-	98,970	98,970
-	-	-	-	-	9,696	9,696
-	360	440	2,393	-	29,507	29,507
-	-	-	-	11,709	11,709	11,709
-	-	-	-	-	652,802	652,802
-	-	-	-	-	233,865	233,865
21,667	-	-	-	-	21,667	21,667
<u>21,667</u>	<u>360</u>	<u>440</u>	<u>2,393</u>	<u>11,709</u>	<u>1,061,221</u>	<u>1,061,221</u>
<u>18,913</u>	<u>(360)</u>	<u>19,705</u>	<u>(1,787)</u>	<u>-</u>	<u>91,038</u>	<u>91,038</u>
-	-	-	24,845	-	24,845	24,845
-	-	-	-	-	68,165	68,165
-	-	-	24,845	-	93,010	93,010
18,913	(360)	19,705	23,058	-	184,048	184,048
<u>82,206</u>	<u>4,523</u>	<u>22,595</u>	<u>126,533</u>	<u>81</u>	<u>2,128,699</u>	<u>2,128,699</u>
<u>\$ 101,119</u>	<u>\$ 4,163</u>	<u>\$ 42,300</u>	<u>\$ 149,591</u>	<u>\$ 81</u>	<u>\$ 2,312,747</u>	<u>\$ 2,312,747</u>

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2022

	81 Historical Commission Fund	82 County Donation Fund	Total Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 7,562	\$ 81,993	\$ 89,555
Accounts Receivable, Net	-	105	105
Total Assets	<u>7,562</u>	<u>82,098</u>	<u>89,660</u>
LIABILITIES			
Accounts Payable	-	1,275	1,275
Total Liabilities	<u>-</u>	<u>1,275</u>	<u>1,275</u>
NET POSITION			
Restricted for Other Purposes	<u>7,562</u>	<u>80,823</u>	<u>88,385</u>
Total Net Position	<u>\$ 7,562</u>	<u>\$ 80,823</u>	<u>\$ 88,385</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, 2022

Data Control Codes	81 Historical Commission Fund	82 County Donation Fund	Total Private Purpose Trust Funds
ADDITIONS:			
Contributions & Donations from Private	\$ -	\$ 27,952	\$ 27,952
Other Revenue	3,870	-	3,870
Total Additions	<u>3,870</u>	<u>27,952</u>	<u>31,822</u>
DEDUCTIONS:			
Other Operating Costs	5,016	61,406	66,422
Total Deductions	<u>5,016</u>	<u>61,406</u>	<u>66,422</u>
Change in Net Position	(1,146)	(33,454)	(34,600)
Total Net Position - October 1 (Beginning)	<u>8,708</u>	<u>114,277</u>	<u>122,985</u>
Total Net Position - September 30 (Ending)	<u>\$ 7,562</u>	<u>\$ 80,823</u>	<u>\$ 88,385</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, 2022

	90	92	93	Total
	Trust	Officials'	State Fees	Custodial
	Account	Fee	& Special	Funds
		Accounts	Tax	
ASSETS				
Cash and Cash Equivalents	\$ 4,049,900	\$ 8,964,688	\$ 351,420	\$ 13,366,008
Investments - Current	969	-	-	969
Accounts Receivable, Net	-	-	67,282	67,282
Total Assets	<u>4,050,869</u>	<u>8,964,688</u>	<u>418,702</u>	<u>13,434,259</u>
LIABILITIES				
Accounts Payable	-	-	259,136	259,136
Intergovernmental Payable	5,515	-	107,610	113,125
Total Liabilities	<u>5,515</u>	<u>-</u>	<u>366,746</u>	<u>372,261</u>
NET POSITION				
Restricted for Other Purposes	4,045,354	8,964,688	51,956	13,061,998
Total Net Position	<u>\$ 4,045,354</u>	<u>\$ 8,964,688</u>	<u>\$ 51,956</u>	<u>\$ 13,061,998</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, 2022

Data Control Codes	90 Trust Account	92 Officials' Fee Accounts	93 State Fees & Special Tax	Total Custodial Funds
ADDITIONS:				
Charges for Services	\$ -	\$ -	\$ 718,454	\$ 718,454
Investment Earnings	1,002	-	-	1,002
Other Revenue	1,314,726	94,928,279	-	96,243,005
Total Additions	<u>1,315,728</u>	<u>94,928,279</u>	<u>718,454</u>	<u>96,962,461</u>
DEDUCTIONS:				
Other Operating Costs	1,303,126	91,966,834	720,710	93,990,670
Total Deductions	<u>1,303,126</u>	<u>91,966,834</u>	<u>720,710</u>	<u>93,990,670</u>
Change in Net Position	12,602	2,961,445	(2,256)	2,971,791
Total Net Position - October 1 (Beginning)	<u>4,032,752</u>	<u>6,003,243</u>	<u>54,212</u>	<u>10,090,207</u>
Total Net Position - September 30 (Ending)	<u>\$ 4,045,354</u>	<u>\$ 8,964,688</u>	<u>\$ 51,956</u>	<u>\$ 13,061,998</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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 16, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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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Report on 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.



Neffendorf & Blocker, P.C.
Fredericksburg, Texas

March 16, 2023



NEFFENDORF & BLOCKER, P.C.

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kendall County's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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 programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

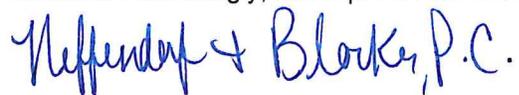
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.

A handwritten signature in blue ink that reads "Neffendorf & Blocker, P.C." in a cursive style.

Neffendorf & Blocker, P.C.

Fredericksburg, Texas
March 16, 2023

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

I. Summary of the Auditor's Results:

I. Financial Statements

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting	
Material Weakness(es) identified	___ Yes <u> X </u> No
Significant deficiencies identified that are not considered to be material weakness	___ Yes <u> X </u> No
Noncompliance material to financial statements noted?	___ Yes <u> X </u> No

II. Federal and State Awards

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting	
Material Weakness(es) identified	___ Yes <u> X </u> No
Significant deficiencies identified that are not considered to be material weakness	___ Yes <u> X </u> No
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance?	___ Yes <u> X </u> No

Identification of major federal program:

<u>Assistance Listing Number</u> 21.027	<u>Name of the Federal Program or Cluster</u> Coronavirus State and Local Fiscal Recovery Fund
---	--

Dollar threshold used to distinguish between type A and type B federal programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes ___ No

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, 2022

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, 2022

(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 State and Local Fiscal Recovery Funds	21.027		\$ 2,907,965
Total Direct Programs			<u>2,907,965</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>2,907,965</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Passed Through Texas Health and Human Service Commission</u>			
Cities Readiness Initiative Grant	93.069	HHS000145800001	2,274
Total Passed Through Texas Health and Human Services Commission			<u>2,274</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,274</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Direct Programs</u>			
Equitable Sharing Program	16.922	TX1300000	2,393
Total Direct Programs			<u>2,393</u>
<u>Passed Through Texas Office of the Governor</u>			
Victims of Crimes Grant	16.575	2772206	135,160
Violence Against Women Act Justice & Training Prog	16.588	3562704	75,000
Justice Assistance Grant Program	16.738	4210201	75,000
Total Passed Through Texas Office of the Governor			<u>285,160</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>287,553</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,197,792</u>

KENDALL COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the schedule") includes the federal award activity of Kendall County, Texas under programs of the federal government for the year ended September 30, 2022. The information in the schedule is presented in accordance with the 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"). Federal and State financial assistance was accounted for in the Governmental Fund types.

Summary of Significant Accounting Policies

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 expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Federal grants 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.

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.

Indirect Cost Rate

Kendall County, Texas has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



NEFFENDORF & BLOCKER, P.C.

March 16, 2023

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kendall County, Texas for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 31, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kendall County, Texas are described in Note I to the financial statements. GASB Statement No. 87 *Leases* was adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by Kendall County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 16, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis; Budgetary Comparison Schedule - General Fund; Budgetary Comparison Schedule – Road and Bridge Fund; Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employers Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Balance Sheet – Nonmajor Governmental Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds; Combining Statement of Changes in Assets and Liabilities – All Agency Funds; Combining Statement of Net Position – Private Purpose Trust Funds; and Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Private Purpose Trust Funds and the Schedule of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the use of the Commissioner's Court and management of the County of Kendall and is not intended to be, and should not be, used by anyone other than these specified parties.

Prior Year Recommendations

Grants Manual

Since the County receives grants fund from both state and federal sources, we recommend the County adopt a grants manual to establish written internal controls and processes over accounting for grants and compliance. The County Auditor's office is in the process of developing a grants manual.

Officials' Accounts

As in prior year audits, balances in the County Clerk account had accumulated over the years without a complete listing of items which comprise the balances being maintained. Again, we recommend that the office mentioned above develop a complete and detailed listing to account for the balances maintained in their bank account. When this is completed, a determination can be made with the assistance from other County Officials, if these balances need to be maintained as is, or if they should be remitted to the County or the State Comptroller or refunded to an individual. The County Clerk's Office has been working to resolve these issues and have made some progress in accounting for the balances in question but the listings are not complete.

Sincerely,

A handwritten signature in blue ink that reads "Neffendorf & Blocker, P.C." in a cursive style.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas
March 16, 2023