

ANNUAL FINANCIAL REPORT

**COUNTY OF KENDALL,
TEXAS**

Boerne, Texas

For the Year Ended
September 30, 2023

KENDALL COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

KENDALL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise Kendall County, Texas' 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, 2023, 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 45 through 50 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 8, 2024, 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, professional style.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas
March 8, 2024

KENDALL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023. 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 \$82,662,315 (Net Position). Of this amount, \$25,077,505 (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 \$12,783,382 as a result of this year's operations.
- At September 30, 2023, the County's governmental funds reported combined ending fund balances of \$60,146,727, an increase of \$18,661,658 in comparison with the prior year.
- At September 30, 2023, the unassigned fund balance of the general fund was \$24,596,363 or 66% 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 - 23) 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 24) 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 45, 46, 47, 48 and 50 respectively.

The combining statements for nonmajor funds and fiduciary funds beginning on page 52 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 - 23 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 \$69,878,933 to \$82,662,315. 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 \$25,077,505 at September 30, 2023. This increase in governmental Net Position was the result of five factors. First, the County's revenues exceed the expenditures by \$18,661,658. Second, the County paid principal on long-term debt of \$5,921,026. Third, the County acquired capital assets in the amount of \$11,857,936. Fourth, the County recorded depreciation in the amounts of \$3,265,840. Fifth, a net decrease of \$60,946 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	
	2023	2022
Current and Other Assets	\$ 67,697	\$ 49,522
Capital Assets	67,310	58,816
Net Pension Asset	-	3,403
Total Assets	\$ 135,007	\$ 111,741
Deferred Outflow Related to Pension Plan	\$ 4,515	\$ 3,651
Noncurrent Liabilities	\$ 39,161	\$ 25,058
Net Pension Liability	3,688	-
Other Liabilities	13,996	14,274
Total Liabilities	\$ 56,845	\$ 39,332
Deferred Inflow Related to Pension Plan	\$ 15	\$ 6,181
Net Position		
Net Investment in Capital Assets	\$ 22,034	\$ 27,847
Restricted	35,550	18,692
Unrestricted	25,078	23,340
Total Net Position	\$ 82,662	\$ 69,879

Table II
Kendall County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2023	2022
Revenues		
Charges for Services	\$ 9,030	\$ 8,757
Property Taxes	32,873	28,394
Sales Tax	5,898	5,257
Other Taxes	27	36
Penalty & Interest	175	149
Investment Earnings	3,178	224
Miscellaneous	648	291
Grant and Contributions	3,764	6,376
Total Assets	\$ 55,593	\$ 49,484
Expenses		
Financial Administration	\$ 1,338	\$ 1,076
General Administration	3,343	2,930
Tax Administration	1,063	950
Election Services	447	524
Facilities Management	1,506	1,585
Law Enforcement	7,807	6,680
Fire Protection	1,727	1,643
Corrections	3,856	3,566
Roads and Bridges	5,983	5,495
Sanitation	668	532
Justice System	6,192	5,935
Juvenile Services	240	243
Health and Human Services	4,865	3,915
Culture and Recreation	1,493	1,494
Conservation and Development	1,054	969
Debt Service	1,228	569
Total Liabilities	\$ 42,810	\$ 38,106
Increase (Decrease) in Net Position	\$ 12,783	\$ 11,378
Net Position- Beginning of Year	69,879	58,501
Net Position- End of Year	\$ 82,662	\$ 69,879

The cost of all governmental activities this year was \$42,809,543. 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 \$32,872,846 because the other costs were paid by sales tax (\$5,897,890), grants and contributions (\$3,764,051), user charges (\$9,030,311), investment earnings (\$3,178,095) and other general revenue (\$849,732).

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 \$60,146,727, which is more than last year's total of \$41,485,069. Included in this year's total change in fund balance is an increase of \$1,803,385 in the County's General Fund. The primary reason for the General Fund's increase is investment earnings.

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 \$1,030,696; expenditures were favorable to budget by \$5,698,471 and other financing sources and uses were favorable to budget by \$94,148; resulting in a net favorable variance of \$6,823,315. For the Road and Bridge Fund, the original and final budget anticipated expenditures to exceed revenues and other sources by \$1,227,058. Actual revenues were more than budgeted estimates by \$181,416. Actual expenditures were less than budgeted estimates by \$2,128,336 and other financing sources were less than budgeted estimates by \$15,000. The net effect is a variance of \$2,294,752.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2023, the County had \$67,309,929 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. This amount represents a net increase of \$8,494,175 or 14%.

CAPITAL ASSETS

in thousands

	Governmental Activities	
	2023	2022
Land	\$ 9,568	\$ 9,068
Construction in Progress	6,845	481
Buildings & Improvements	53,044	51,710
Infrastructure	83,476	83,338
Machinery & Equipment	11,503	9,185
Vehicles	6,420	6,228
Right-to-Use Lease Assets	86	68
SBITA Assets	31	-
Total Capital Assets	\$ 170,973	\$ 160,078
Accumulated Depreciation	(103,579)	(101,213)
Accumulated Amortization	(85)	(50)
Capital Assets, Net	<u>67,309</u>	<u>58,815</u>

This year's major additions included:

Land	\$	499,341
Building & Improvements		1,443,996
Equipment		2,834,919
Vehicles		501,362
New Road Construction		137,939
Construction in Progress		6,440,379
Total	\$	<u>11,857,936</u>

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

DEBT

At September 30, 2023, the County had the following outstanding debt:

OUTSTANDING DEBT in thousands

	Governmental Activities	
	2023	2022
Bonds Payable	\$ 45,198,330	\$ 30,942,817
Right-to-Use Leases Payable	16,217	17,752
SBITA Payable	15,872	-
Total	<u>\$ 45,230,419</u>	<u>\$ 30,960,569</u>

At year-end the County had \$45,198,330 in general obligation bonds and tax notes; an increase of \$14,255,513 or 46% from the prior year. The County issued Limited Tax General Obligation Bonds of \$18,215,000 during the year. The County paid \$5,885,000 in principal on the outstanding bonds and tax notes.

At year-end the County had \$16,217 in right-to-use lease liabilities outstanding; a decrease of \$1,535 or 8% from the prior year. Beginning with fiscal year 2023, the County implemented GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. At year-end, the County had \$15,872 in SBITA payable.

More detailed information about the County's debt is presented in Note 3.F. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2024 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 2024. Amounts available for appropriation in the General Fund budget are \$42,695,034 and expenditures are estimated to be \$47,468,517. If these estimates are realized, the County's budgetary General fund balance is expected to decrease by \$4,773,483 for fiscal year 2024. Amounts available for appropriation in the Road and Bridge Fund budget are \$4,148,277 and expenditures are estimated to be \$5,095,754. If these estimates are realized, the County's budgetary Road and Bridge Fund balance is expected to decrease by \$947,477 for fiscal year 2024.

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, 2023

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 5,743,855
Investments - Current	59,420,426
Accounts Receivable, Net	2,290,304
Due from Other Governments	242,674
Capital Assets:	
Land Purchase and Improvements	9,567,582
Infrastructure, Net	5,772,167
Buildings, Net	36,294,851
Improvements other than Buildings, Net	3,585,040
Furniture and Equipment, Net	5,211,871
Right-to-Use Lease Assets	16,055
SBITA Assets	16,990
Construction in Progress	6,845,373
Total Assets	135,007,188
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	4,514,796
Total Deferred Outflows of Resources	4,514,796
LIABILITIES	
Accounts Payable	3,143,683
Compensated Absences Payable	1,025,365
Accrued Interest Payable	122,744
Unearned Revenues	3,634,694
Noncurrent Liabilities:	
Due Within One Year	6,069,486
Due in More Than One Year:	
Bonds Payable - Noncurrent	37,065,000
Unamortized Premiums (Discounts) on Bonds	2,083,330
Right-to-Use Lease Liabilities - Noncurrent	12,603
Net Pension Liability	3,687,785
Total Liabilities	56,844,690
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	14,979
Total Deferred Inflows of Resources	14,979
NET POSITION	
Net Investment in Capital Assets	22,034,446
Restricted:	
Restricted for Special Revenue	7,632,354
Restricted for Capital Acquisition	26,309,322
Restricted for Debt Service	1,608,688
Unrestricted	25,077,505
Total Net Position	\$ 82,662,315

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, 2023

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Judicial	\$ 4,426	\$ -	\$ -
Financial Administration	1,338,305	47,871	-
General Administration	3,338,440	1,542,280	45,234
Tax Administration	1,062,533	-	-
Facilities Administration	1,506,082	-	-
Other General Government Functions	446,567	19,813	-
Law Enforcement	7,807,232	577,619	6,366
Fire Protection	1,727,175	100,938	564
Corrections	3,856,476	-	-
Road and Bridge	5,983,478	3,831,739	81,905
Sanitation	667,726	348,155	20,000
Justice System	6,191,502	856,618	417,687
Juvenile Services	240,293	-	221,320
Health and Human Services	4,864,909	1,165,551	13,527
Culture and Recreation	1,492,781	-	-
Conservation and Development	1,053,481	539,727	-
Interest on Debt	1,011,707	-	-
Other Debt Service	216,430	-	-
TOTAL PRIMARY GOVERNMENT	\$ 42,809,543	\$ 9,030,311	\$ 806,603

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
\$ -	\$ (4,426)
-	(1,290,434)
2,689,993	939,067
-	(1,062,533)
-	(1,506,082)
-	(426,754)
141,474	(7,081,773)
-	(1,625,673)
-	(3,856,476)
-	(2,069,834)
-	(299,571)
-	(4,917,197)
-	(18,973)
-	(3,685,831)
-	(1,492,781)
-	(513,754)
-	(1,011,707)
-	(216,430)
<u>\$ 2,831,467</u>	<u>(30,141,162)</u>

25,443,818
7,429,028
5,897,890
26,630
175,075
125,981
648,027
3,178,095
<u>42,924,544</u>
12,783,382
69,878,933
<u>\$ 82,662,315</u>

KENDALL COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Road & Bridge Fund	Coronavirus Local Fiscal Recovery Fund
ASSETS			
Cash and Cash Equivalents	\$ 3,285,272	\$ 1,368,710	\$ -
Investments - Current	21,174,968	4,407,200	3,566,271
Taxes Receivable	487,878	-	-
Allowance for Uncollectible Taxes (credit)	(9,758)	-	-
Accounts Receivable, Net	1,383,992	76,119	-
Due from Other Governments	170,105	-	-
Due from Other Funds	68,887	-	-
Total Assets	<u>\$ 26,561,344</u>	<u>\$ 5,852,029</u>	<u>\$ 3,566,271</u>
LIABILITIES			
Accounts Payable	\$ 1,129,114	\$ 1,230,877	\$ -
Due to Other Funds	-	-	-
Unearned Revenues	357,747	16,315	3,260,632
Total Liabilities	<u>1,486,861</u>	<u>1,247,192</u>	<u>3,260,632</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	478,120	-	-
Total Deferred Inflows of Resources	<u>478,120</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Federal or State Funds Grant Restriction	-	-	305,639
Restricted for Special Revenue	-	4,604,837	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	-
Unassigned Fund Balance	24,596,363	-	-
Total Fund Balances	<u>24,596,363</u>	<u>4,604,837</u>	<u>305,639</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 26,561,344</u>	<u>\$ 5,852,029</u>	<u>\$ 3,566,271</u>

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

Capital Projects	Debt Service Fund	Other Funds	Total Governmental Funds
\$ 8,418	\$ 40,268	\$ 1,041,187	\$ 5,743,855
27,039,146	1,565,920	1,666,921	59,420,426
-	109,779	-	597,657
-	(2,196)	-	(11,954)
-	2,500	55,538	1,518,149
-	-	72,569	242,674
-	-	-	68,887
<u>\$ 27,047,564</u>	<u>\$ 1,716,271</u>	<u>\$ 2,836,215</u>	<u>\$ 67,579,694</u>
\$ 738,242	\$ -	\$ 45,450	\$ 3,143,683
-	-	68,887	68,887
-	-	-	3,634,694
<u>738,242</u>	<u>-</u>	<u>114,337</u>	<u>6,847,264</u>
-	107,583	-	585,703
-	107,583	-	585,703
-	-	422,207	727,846
-	-	2,299,671	6,904,508
26,309,322	-	-	26,309,322
-	1,608,688	-	1,608,688
-	-	-	24,596,363
<u>26,309,322</u>	<u>1,608,688</u>	<u>2,721,878</u>	<u>60,146,727</u>
<u>\$ 27,047,564</u>	<u>\$ 1,716,271</u>	<u>\$ 2,836,215</u>	<u>\$ 67,579,694</u>

KENDALL COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$	60,146,727
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.		26,876,278
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 2023 capital outlays and debt principal payments is to increase net position.		17,778,962
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 liability of \$3,687,785, a deferred resource outflow of \$4,514,796 and a deferred resource inflow of \$14,979. The net effect of these is to increase net position by \$812,032.		812,032
The 2023 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 and SBITAs.		(3,265,840)
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.		(19,685,844)
Net Position of Governmental Activities	\$	82,662,315

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, 2023

	General Fund	Road & Bridge Fund	Coronavirus Local Fiscal Recovery Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 25,385,150	\$ -	\$ -
General Sales and Use Taxes	5,897,890	-	-
Other Taxes	26,630	-	-
Penalty and Interest on Taxes	139,444	-	-
Licenses and Permits	539,727	3,831,739	-
Intergovernmental Revenue and Grants	407,318	42,357	2,689,993
Charges for Services	3,100,162	-	-
Fines	728,965	-	-
Forfeits	243,103	-	-
Special Assessments	20,115	-	-
Investment Earnings	1,833,548	179,346	-
Rents and Royalties	19,035	-	-
Contributions & Donations from Private Sources	125,982	-	-
Other Revenue	266,477	20,153	255,676
Total Revenues	<u>38,733,546</u>	<u>4,073,595</u>	<u>2,945,669</u>
EXPENDITURES:			
Current:			
General Government:			
Judicial	-	-	-
Financial Administration	1,235,710	-	-
General Administration	2,690,411	-	2,689,993
Tax Administration	966,599	-	-
Facilities Administration	1,418,497	-	-
Other General Government Functions	416,287	-	-
Public Safety:			
Law Enforcement	7,638,475	-	-
Fire Protection	1,606,123	-	-
Corrections	3,556,997	-	-
Public Works:			
Road and Bridge	3,320,995	3,005,307	-
Sanitation	1,277,703	-	-
Justice System	5,271,094	-	-
Juvenile Services	1,227	-	-
Health and Human Services	5,163,251	-	-
Culture and Recreation	1,432,017	-	-
Conservation and Development	983,611	-	-
Debt Service:			
Principal on Debt	35,433	593	-
Interest on Debt	1,065	1	-
Other Debt Service	-	-	-
Capital Outlay:			
Capital Outlay	-	-	-
Total Expenditures	<u>37,015,495</u>	<u>3,005,901</u>	<u>2,689,993</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,718,051</u>	<u>1,067,694</u>	<u>255,676</u>
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	-	-	-
Sale of Real and Personal Property	89,048	-	-
Proceeds from Right-to-Use Leases	18,900	-	-
Transfers In	-	-	-
Premium or Discount on Issuance of Bonds	-	-	-
Insurance Proceeds	77,734	-	-
Transfers Out	(100,348)	-	-
Bond Issuance Costs	-	-	-
Total Other Financing Sources (Uses)	<u>85,334</u>	<u>-</u>	<u>-</u>

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

Capital Projects	Debt Service Fund	Other Funds	Total Governmental Funds
\$ -	\$ 7,383,459	\$ -	\$ 32,768,609
-	-	-	5,897,890
-	-	-	26,630
-	35,631	-	175,075
-	-	-	4,371,466
-	-	498,401	3,638,069
-	-	414,664	3,514,826
-	-	127,653	856,618
-	-	24,183	267,286
-	-	-	20,115
828,866	212,073	124,262	3,178,095
-	-	-	19,035
-	-	-	125,982
-	-	44,878	587,184
<u>828,866</u>	<u>7,631,163</u>	<u>1,234,041</u>	<u>55,446,880</u>
-	-	4,121	4,121
-	-	-	1,235,710
-	-	113,718	5,494,122
-	-	16,504	983,103
-	-	-	1,418,497
-	-	-	416,287
-	-	29,315	7,667,790
-	-	-	1,606,123
-	-	-	3,556,997
-	-	47,742	6,374,044
-	-	-	1,277,703
-	-	456,376	5,727,470
-	-	221,320	222,547
-	-	36,162	5,199,413
-	-	-	1,432,017
-	-	-	983,611
-	5,885,000	-	5,921,026
-	1,008,478	-	1,009,544
-	400	-	400
<u>6,440,379</u>	<u>-</u>	<u>-</u>	<u>6,440,379</u>
<u>6,440,379</u>	<u>6,893,878</u>	<u>925,258</u>	<u>56,970,904</u>
<u>(5,611,513)</u>	<u>737,285</u>	<u>308,783</u>	<u>(1,524,024)</u>
18,215,000	-	-	18,215,000
-	-	-	89,048
-	-	-	18,900
-	-	100,348	100,348
2,001,030	-	-	2,001,030
-	-	-	77,734
-	-	-	(100,348)
<u>(216,030)</u>	<u>-</u>	<u>-</u>	<u>(216,030)</u>
<u>20,000,000</u>	<u>-</u>	<u>100,348</u>	<u>20,185,682</u>

KENDALL COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Road & Bridge Fund	Coronavirus Local Fiscal Recovery Fund
Net Change in Fund Balances	1,803,385	1,067,694	255,676
Fund Balance - October 1 (Beginning)	22,792,978	3,537,143	49,963
Fund Balance - September 30 (Ending)	\$ 24,596,363	\$ 4,604,837	\$ 305,639

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

Capital Projects	Debt Service Fund	Other Funds	Total Governmental Funds
14,388,487	737,285	409,131	18,661,658
11,920,835	871,403	2,312,747	41,485,069
<u>\$ 26,309,322</u>	<u>\$ 1,608,688</u>	<u>\$ 2,721,878</u>	<u>\$ 60,146,727</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, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	18,661,658
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 2023 capital outlays and debt principal payments is to increase the change in net position.		17,778,962
The entries required by GASB Statement No. 68 did require that some expenses on Exhibit B-1 be adjusted. Total credits to expense were \$4,010,910 and total debits were \$4,071,856. The net effect on the change in net position on Exhibit B-1 is a decrease of \$60,946.		(60,946)
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 the amortization on the right-to-use leased assets and SBITAs.		(3,265,840)
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.		(20,330,452)
Change in Net Position of Governmental Activities	\$	12,783,382

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, 2023

EXHIBIT E-1

	Private Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 81,269	\$ 8,848,491
Investments - Current	-	1,962,002
Accounts Receivable, Net	70	42,268
Total Assets	81,339	10,852,761
LIABILITIES		
Accounts Payable	629	231,587
Intergovernmental Payable	-	113,125
Total Liabilities	629	344,712
NET POSITION		
Restricted for Other Purposes	80,710	10,508,049
Total Net Position	\$ 80,710	\$ 10,508,049

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, 2023

EXHIBIT E-2

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Charges for Services	\$ -	\$ 796,420
Investment Earnings	-	15,214
Contributions & Donations from Private Sources	15,605	-
Other Revenue	50	103,729,766
Total Additions	<u>15,655</u>	<u>104,541,400</u>
DEDUCTIONS:		
Purchased Professional & Technical Services	2,564	-
Other Operating Costs	20,766	107,162,014
Total Deductions	<u>23,330</u>	<u>107,162,014</u>
Net Change in Fiduciary Net Position	(7,675)	(2,620,614)
Total Net Position - October 1 (Beginning)	88,385	13,061,998
Prior Period Adjustment	-	66,665
Total Net Position - September 30 (Ending)	<u>\$ 80,710</u>	<u>\$ 10,508,049</u>

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

KENDALL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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.
Capital Projects Fund	Accounts for all activity concerning the law enforcement center expansion project and a new emergency medical services facility.
Debt Service Fund	Accounts for collection of taxes to pay principal and interest on bonds.

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, 2023, the accumulated vacation, sick leave, and comp-time amounted to \$1,025,365. 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 TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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.

GASB Statement No. 87, Leases

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.

Implementation of GASB Statement No. 96

As of October 1, 2022, the County adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The standard requires recognition of right-to-use subscription assets and liabilities for SBITAs that previously were classified as operating expenditures based on the payment provisions of the contract. The disclosures required by this standard are included in Note 3.I.

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, 2023, the carrying amount of the County's deposits was \$14,672,090 and the bank balance was \$15,750,581. The County's cash deposits held at Frost National Bank at September 30, 2023 and during the year ended September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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

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

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
<u>Certificates of Deposits-</u>				
Security State Bank & Trust	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	-
Security Service FCU	249,000	249,000	250,000	-
Frost Bank	32,305	32,305	250,000	
<u>Liquid Asset Portfolio-</u>				
LOGIC	\$ 57,597,847	\$ 57,597,847	*	*
TexSTAR	753,276	753,276		
TOTAL INVESTMENTS	<u>61,382,428</u>	<u>61,382,428</u>		

*The County invests in Logic and TexSTAR (Local Government Investment Pools) to provide its primary liquidity needs. Logic and TexSTAR are 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. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. Logic and TexSTAR are both rated AAAM and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2023, Logic had a weighted average maturity of 39 days and a net asset value of \$0.999858 and TexSTAR had a weighted average maturity of 29 days and a net asset value of \$0.999816. 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, 2023, 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 Appraisal District for the appraisal and collection 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 2022 tax roll, the total assessed valuation was \$9,040,958,588 and the taxes assessed amounted to \$33,525,258. The total tax rate was \$0.38770 per \$100 valuation and allocated \$0.293280 to Maintenance and Operations and \$0.094420 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, 2023.

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	\$ 487,878	\$ (9,758)	\$ 478,120
Debt Service Fund	109,779	(2,196)	107,583
 TOTAL- ALL FUNDS	 \$ 597,657	 \$ (11,954)	 \$ 585,703

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	\$ 478,120
Unearned Revenue	357,747
Road and Bridge Fund	
Unearned Revenue	16,315
Coronavirus Local & Fiscal Recovery	
Unearned Revenue	3,260,632
Debt Service	
Unavailable Revenue- Property Taxes	107,583
Total Unavailable & Unearned Revenue	<u>\$ 4,220,397</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 \$745,807 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 \$559,355 resulting in a net receivable of \$186,452.

3.D. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2023.

	Balance 09/30/22	Additions	Deletions	Balance 09/30/23
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated:				
Land	\$ 9,068,241	\$ 499,341	-	\$ 9,567,582
Construction Work in Progress	481,167	6,440,379	(76,173)	6,845,373
Total Assets Not Being Depreciated	<u>9,549,408</u>	<u>6,939,720</u>	<u>(76,173)</u>	<u>16,412,955</u>
Capital Assets, Being Depreciated:				
Buildings	45,048,746	1,361,586	(110,140)	46,300,192
Improvements	6,661,209	82,410	-	6,743,619
Machinery & Equipment	9,286,223	2,834,919	(617,985)	11,503,157
Vehicles	6,126,710	501,362	(208,190)	6,419,882
Infrastructure	83,338,423	137,939	-	83,476,362
Total Capital Assets Being Depreciated	<u>150,461,311</u>	<u>4,918,216</u>	<u>(936,315)</u>	<u>154,443,212</u>
Less Accumulated Depreciation:				
Buildings	(8,953,775)	(1,121,481)	69,915	(10,005,341)
Improvements	(2,879,920)	(278,659)	-	(3,158,579)
Machinery & Equipment	(8,061,966)	(618,298)	613,863	(8,066,401)
Vehicles	(4,187,358)	(637,835)	180,426	(4,644,767)
Infrastructure	(77,129,851)	(574,344)	-	(77,704,195)
Total Accumulated Depreciation	<u>(101,212,870)</u>	<u>(3,230,617)</u>	<u>864,204</u>	<u>(103,579,283)</u>
Total Capital Assets Being Depreciated, Net	<u>49,248,441</u>	<u>1,687,599</u>	<u>(72,111)</u>	<u>50,863,929</u>
Right-to-Use Lease Assets being Amortized				
Equipment	67,578	18,900	-	86,478
SBITA	-	31,463	-	31,463
Total Right-to-Use Lease Assets	<u>67,578</u>	<u>50,363</u>	<u>-</u>	<u>117,941</u>
Less Accumulated Amortization:				
Equipment	(49,673)	(20,750)	-	(70,423)
SBITA	-	(14,473)	-	(14,473)
Total Accumulated Amortization	<u>(49,673)</u>	<u>(35,223)</u>	<u>-</u>	<u>(84,896)</u>
Total Right-to-Use Assets being Amortized, Net	<u>17,905</u>	<u>15,140</u>	<u>-</u>	<u>33,045</u>
Governmental Activities Capital Assets, Net	<u>\$ 58,815,754</u>	<u>\$ 8,642,459</u>	<u>\$ (148,284)</u>	<u>\$ 67,309,929</u>

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

<i>Governmental Activities:</i>	
Judicial	\$ 306
Financial Administration	91,756
General Administration	406,785
Tax Administration	72,999
Facilities Management	105,329
Election Services	30,911
Law Enforcement	569,363
Fire Protection	119,261
Corrections	264,121
Roads & Bridges	473,297
Sanitation	94,874
Justice System	425,287
Juvenile Services	16,525
Health & Human Services	380,433
Culture and Recreation	106,333
Conservation & Development	73,037
Total Depreciation Expense - Governmental Activities	<u>\$ 3,230,617</u>

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

Governmental Activities:	
Financial Administration	7,029
General Administration	5,031
Tax Administration	592
Election Services	592
Law Enforcement	1,776
Fire Protection	5,302
Corrections	1,263
Roads & Bridges	1,776
Justice System	9,436
Health & Human Services	1,239
Culture and Recreation	592
Conservation & Development	595
Total Amortization Expense - Governmental Activities	<u>\$ 35,223</u>

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2023, is as follows:

Interfund Receivables and Payables

	Receivable	Payable
General Fund	\$ 68,887	\$ -
Nonmajor Funds	<u>-</u>	<u>68,887</u>
TOTAL	\$ <u>68,887</u>	\$ <u>68,887</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	\$ 100,348	\$ 100,348
Nonmajor Funds	<u>100,348</u>	<u>-</u>
TOTAL	\$ <u>100,348</u>	\$ <u>100,348</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, 2023, the governmental long-term debt consisted of the following:

	Balance 10/1/2022	Increases	Decreases	Balance 9/30/2023	Due Within One Year
Bonds Payable -					
Series 2013	\$ 1,085,000	\$ -	\$ 1,085,000	\$ -	\$ -
Series 2016	17,700,000	-	1,300,000	16,400,000	2,200,000
Series 2022	12,000,000	-	3,500,000	8,500,000	3,500,000
Series 2023	-	18,215,000	-	18,215,000	350,000
Total Bonds Payable	<u>\$ 30,785,000</u>	<u>\$ 18,215,000</u>	<u>\$ 5,885,000</u>	<u>\$ 43,115,000</u>	<u>\$ 6,050,000</u>
Premium on Bonds-Series 2016	\$ 157,817	\$ -	\$ 18,750	\$ 139,067	\$ -
Premium on Bonds-Series 2023	-	2,001,030	56,767	1,944,263	-
Total Net Bonds Payable	<u>\$ 30,942,817</u>	<u>\$ 20,216,030</u>	<u>\$ 5,960,517</u>	<u>\$ 45,198,330</u>	<u>\$ 6,050,000</u>
Lease Liability	\$ 17,752	\$ 18,900	\$ 20,435	\$ 16,217	\$ 3,614
SBITA Liability	-	31,463	15,591	15,872	15,872
Net Pension Liability	(3,402,491)	8,827,291	1,737,015	3,687,785	-
Compensated Absences	\$ 933,843	\$ 91,522	\$ -	\$ 1,025,365	\$ -
TOTAL LONG TERM DEBT	<u>\$ 28,491,921</u>	<u>\$ 29,185,206</u>	<u>\$ 7,733,558</u>	<u>\$ 49,943,569</u>	<u>\$ 6,069,486</u>

3.G. BONDS PAYABLE

Bonds payable at September 30, 2023 consists of the following:

	Balance at 9/30/2023	Due Within One Year
\$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%.	16,400,000	2,200,000
\$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%	8,500,000	3,500,000
\$18,215,000 Texas General Obligation Bonds, Series 2023 due in annual installments of \$350,000 to \$3,500,000 through March 1, 2035; interest on remaining bonds at 4.00% to 5.00%.	18,215,000	350,000
Total Bonds Payable	<u>\$ 43,115,000</u>	<u>\$ 6,050,000</u>

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

Year Ended September 30	Principal	Interest	Total
2024	\$ 6,050,000	\$ 1,436,625	\$ 7,486,625
2025	6,365,000	1,213,358	7,578,358
2026	6,440,000	972,845	7,412,845
2027	4,030,000	791,484	4,821,484
2028	4,125,000	659,913	4,784,913
2029-2033	13,855,000	1,543,568	15,398,568
2034-2035	2,250,000	95,275	2,345,275
Totals	<u>\$ 43,115,000</u>	<u>\$ 6,713,068</u>	<u>\$ 49,828,068</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, 2023, the value of the lease liability was \$0. 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, 2023, the value of the lease liability was \$0. The County is required to make monthly fixed payments of \$3,401. The lease has an interest rate of 0.3871%.

In December 2022, the County entered into a 60-month lease with Pitney Bower for a postage machine. An initial lease liability was recorded in the amount of \$18,900. As of September 30, 2023, the value of the lease liability was \$16,217. The County is required to make monthly fixed payments of \$342. The lease has an interest rate of 3.3050%.

Remaining obligations associated with leases are as follows:

Year Ended September 30,	Prinicpal	Interest	Annual Requirements
2024	\$ 3,614	\$ 492	\$ 4,106
2025	\$ 3,735	\$ 371	\$ 4,106
2026	\$ 3,860	\$ 246	\$ 4,106
2027	\$ 3,989	\$ 117	\$ 4,106
2028	\$ 1,019	\$ 7	\$ 1,026
Total	<u>\$ 16,217</u>	<u>\$ 1,233</u>	<u>\$ 17,450</u>

3.I. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS PAYABLE

On October 1, 2022, the County had a 24-month subscription with Corrections Software Solutions, LP for a pre-trial case management system. An initial subscription liability was recorded in the amount of \$7,263. As of September 30, 2023, the value of the lease liability was \$3,679. The County is required to make monthly fixed payments of \$312. The lease has an interest rate of 3.2067%.

On October 1, 2022, the County had a 30-month subscription with DebtBook for debt management software. An initial subscription liability was recorded in the amount of \$12,592. As of September 30, 2023, the value of the lease liability was \$6,296. The County is required to make annual fixed payments of \$6,500. The lease has an interest rate of 3.2380%.

On October 1, 2022, the county had a 24-month subscription with Sapphire Health Software for medical software. An initial subscription liability was recorded in the amount of \$11,608. As of September 30, 2023, the value of the lease liability was \$5,897. The County is required to make monthly fixed payments of \$500. The lease has an interest rate of 3.2067%

Remaining obligations associated with SBITAs are as follows:

Year Ended September 30,	Prinicpal	Interest	Annual Requirements
2024	\$ 15,872	\$ 372	\$ 16,244
Total	<u>\$ 15,872</u>	<u>\$ 372</u>	<u>\$ 16,244</u>

NOTE 4 - OTHER NOTES

4.A. RETIREMENT PLAN

Plan Description

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

- a. Kendall County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 175%) 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 2022 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	153
Inactive employees entitled to but not yet receiving benefits	201
Active employees	312
	<hr style="width: 100%; border: 0.5px solid black;"/>
	666

Contributions

A combination of three elements funds 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 2022 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, 2023, were \$1,976,041, and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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 Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method Smooth period Recognition method Corridor	5 years Non-asymptotic 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
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scaled after 2010.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
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 2023 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World EX USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

⁽¹⁾ Target asset allocation adopted at the March 2023 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 2.3%, per Cliffwater's 2023 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 (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of December 31, 2021	\$ 52,364,534	\$ 55,767,025	\$ (3,402,491)
Changes for the year:			
Service cost	2,181,352		2,181,352
Interest on total pension liability ⁽¹⁾	4,079,914		4,079,914
Effect of plan changes ⁽²⁾	578,530		578,530
Effects of economic/demographic gains or losses	106,373		106,373
Effect of assumptions changes or inputs	-		-
Refund of contributions	(217,926)	(217,926)	-
Benefit payments	(1,539,867)	(1,539,867)	-
Administrative expenses		(31,566)	31,566
Member contributions		1,301,831	(1,301,831)
Net investment income		(3,378,398)	3,378,398
Employer contributions		1,737,028	(1,737,028)
Other ⁽³⁾	-	226,999	(226,999)
Balances as of December 31, 2022	\$ 57,552,910	\$ 53,865,126	\$ 3,687,785

- (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 2023.
(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	\$ 66,006,357	\$ 57,552,911	\$ 50,553,960
Fiduciary net position	53,865,126	53,865,126	53,865,126
Net pension liability/(asset)	\$ 12,141,231	\$ 3,687,785	\$ (3,311,166)

Pension Expense/ (Income)

Prepaid Expense / (Income)	January 1, 2022 to December 31, 2022
Service cost	\$ 2,181,352
Interest on total pension liability ⁽¹⁾	4,079,914
Effect of plan changes	578,530
Administrative expenses	31,566
Member contributions	(1,301,831)
Expected investment return net of investment expenses	(4,293,373)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	249,393
Recognition of assumption changes or inputs	559,778
Recognition of investment gains or losses	178,670
Other ⁽²⁾	(226,999)
Pension expense/ (income)	\$ 2,037,000

- (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, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 497,756
Changes of assumptions	14,979	1,134,536
Net difference between projected and actual earnings	-	1,343,161
Contributions made subsequent to measurement date ⁽³⁾	N/A	1,539,343
	\$ 14,979	\$ 4,514,796

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:

2023	\$ 333,074
2024	818,576
2025	253,196
2026	1,555,628
2027	-
Thereafter ⁽⁴⁾	-

(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.

Payables to pension plan. None as of September 30, 2023.

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, American United Life Insurance Company and One America. 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, 2023, the participants had a balance of \$418,015 in Nationwide Retirement Solutions, \$208,860 in American United Life Insurance Company and \$1,727,147 in One America.

4.E. COMMITMENTS AND CONTINGENCIES

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.

At September 30, 2023, the County had several uncompleted construction and engineering contracts. The remaining commitments on these contracts was approximately \$1,782,181.

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>
Tapatio Springs The Hearland Road & Drainage Improvements	Bank of America	\$ 936,617	9/6/2022	6/27/2024
Sustainable Comfort Detention Pond	Security State Bank & Trust	11,582	9/3/2021	9/2/2024
CR/KWW Partnership, Ltd. Street & Drainage Improvements	Southside Bank	934,720	7/13/2025	7/13/2025
Water Improvements	Southside Bank	236,046	7/13/2025	7/13/2025
CR/KWW Partnership, Ltd. Street & Drainage Improvements	Southside Bank	1,898,662	7/13/2025	7/13/2025
Water Improvements	Southside Bank	441,099	7/13/2025	7/13/2025

4.G. UNEARNED REVENUES

Unspent U.S. Department of Treasury State and Local Fiscal Recovery Funds in the amount of \$3,260,632 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. ADOPTION OF NEW STANDARD

For fiscal year 2023, the County adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding liability. The standard requires recognition of right-to-use subscription assets and liabilities for SBITAs that previously were classified as operating expenditures based on the payment provisions of the contract.

4.I. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures in the General Fund exceeded the budget appropriations in three functions but not in total. Expenditures in the Road and Bridge Fund exceeded the budget appropriations in two functions but not in total.

4.J. PRIOR PERIOD ADJUSTMENT

The County recorded a prior period adjustment to record the county clerk's registry funds in the amount of \$66,665. The prior period adjustment restated the beginning net position of the custodial funds from \$13,061,998 to \$13,128,663.

4.K. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 8, 2024, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KENDALL COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 25,928,750	\$ 25,928,750	\$ 25,385,150	\$ (543,600)
General Sales and Use Taxes	5,100,000	5,100,000	5,897,890	797,890
Other Taxes	31,000	31,000	26,630	(4,370)
Penalty and Interest on Taxes	170,000	170,000	139,444	(30,556)
Licenses and Permits	645,000	645,000	539,727	(105,273)
Intergovernmental Revenue and Grants	218,252	359,727	407,318	47,591
Charges for Services	2,793,618	2,793,618	3,100,162	306,544
Fines	675,000	675,000	728,965	53,965
Forfeits	150,000	150,000	243,103	93,103
Special Assessments	25,155	25,155	20,115	(5,040)
Investment Earnings	120,000	1,520,000	1,833,548	313,548
Rents and Royalties	15,000	15,000	19,035	4,035
Contributions & Donations from Private Sources	130,000	130,000	125,982	(4,018)
Other Revenue	159,600	159,600	266,477	106,877
Total Revenues	36,161,375	37,702,850	38,733,546	1,030,696
EXPENDITURES:				
Current:				
Financial Administration	1,279,230	1,324,185	1,235,710	88,475
General Administration	3,193,597	3,445,901	2,690,411	755,490
Tax Administration	1,017,173	1,018,050	966,599	51,451
Facilities Administration	1,905,142	1,822,992	1,418,497	404,495
Other General Government Functions	406,717	472,793	416,287	56,506
Law Enforcement	9,166,945	8,575,970	7,638,475	937,495
Fire Protection	1,820,098	1,847,392	1,606,123	241,269
Corrections	4,600,101	4,563,241	3,556,997	1,006,244
Road and Bridge	3,864,999	3,887,012	3,320,995	566,017
Sanitation	1,728,140	1,742,391	1,277,703	464,688
Justice System	5,848,602	6,018,989	5,271,094	747,895
Juvenile Services	1,200	1,200	1,227	(27)
Health and Human Services	5,089,054	5,402,505	5,163,251	239,254
Culture and Recreation	1,576,102	1,590,102	1,432,017	158,085
Conservation and Development	997,567	1,001,243	983,611	17,632
Debt Service:				
Principal on Debt	-	-	35,433	(35,433)
Interest on Debt	-	-	1,065	(1,065)
Total Expenditures	42,494,667	42,713,966	37,015,495	5,698,471
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,333,292)	(5,011,116)	1,718,051	6,729,167
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	40,000	40,000	89,048	49,048
Proceeds from Right-to-Use Leases	-	-	18,900	18,900
Insurance Proceeds	35,000	52,710	77,734	25,024
Transfers Out	(96,062)	(101,524)	(100,348)	1,176
Total Other Financing Sources (Uses)	(21,062)	(8,814)	85,334	94,148
Net Change in Fund Balances	(6,354,354)	(5,019,930)	1,803,385	6,823,315
Fund Balance - October 1 (Beginning)	22,792,978	22,792,978	22,792,978	-
Fund Balance - September 30 (Ending)	\$ 16,438,624	\$ 17,773,048	\$ 24,596,363	\$ 6,823,315

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, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Licenses and Permits	\$ 3,836,865	\$ 3,836,865	\$ 3,831,739	\$ (5,126)
Intergovernmental Revenue and Grants	39,000	39,000	42,357	3,357
Investment Earnings	-	-	179,346	179,346
Other Revenue	10,000	16,314	20,153	3,839
Total Revenues	3,885,865	3,892,179	4,073,595	181,416
EXPENDITURES:				
Public Works:				
Road and Bridge	5,127,923	5,134,237	3,005,307	2,128,930
Debt Service:				
Principal on Debt	-	-	593	(593)
Interest on Debt	-	-	1	(1)
Total Expenditures	5,127,923	5,134,237	3,005,901	2,128,336
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,242,058)	(1,242,058)	1,067,694	2,309,752
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	15,000	15,000	-	(15,000)
Total Other Financing Sources (Uses)	15,000	15,000	-	(15,000)
Change in Fund Balance	(1,227,058)	(1,227,058)	1,067,694	2,294,752
Fund Balance - October 1 (Beginning)	3,537,143	3,537,143	3,537,143	-
Fund Balance - September 30 (Ending)	\$ 2,310,085	\$ 2,310,085	\$ 4,604,837	\$ 2,294,752

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 - CORONAVIRUS LOCAL FISCAL RECOVERY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 3,000,000	\$ 3,000,000	\$ 2,689,993	\$ (310,007)
Other Revenue	-	-	255,676	255,676
Total Revenues	3,000,000	3,000,000	2,945,669	(54,331)
EXPENDITURES:				
Current:				
General Administration	3,000,000	3,000,000	2,689,993	310,007
Total Expenditures	3,000,000	3,000,000	2,689,993	310,007
Change in Fund Balance	-	-	255,676	255,676
Fund Balance - October 1 (Beginning)	49,963	49,963	49,963	-
Fund Balance - September 30 (Ending)	\$ 49,963	\$ 49,963	\$ 305,639	\$ 255,676

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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 2,181,352	\$ 2,049,790	\$ 1,773,811
Interest (on the Total Pension Liability)	4,079,914	3,717,190	3,389,116
Changes of Benefit Terms	578,530	(81,975)	-
Difference between Expected and Actual Experience	106,373	556,952	184,186
Changes of Assumptions	-	(29,959)	2,836,340
Benefit Payments, Including Refunds of Employee Contributions	(1,757,793)	(1,390,673)	(1,387,728)
Net Change in Total Pension Liability	<u>\$ 5,188,376</u>	<u>\$ 4,821,325</u>	<u>\$ 6,795,725</u>
Total Pension Liability - Beginning	52,364,533	47,543,208	40,747,483
Total Pension Liability - Ending	<u>\$ 57,552,909</u>	<u>\$ 52,364,533</u>	<u>\$ 47,543,208</u>
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 1,737,028	\$ 1,243,595	\$ 1,194,714
Contributions - Employee	1,301,831	1,160,688	1,112,095
Net Investment Income	(3,378,398)	9,954,282	4,109,489
Benefit Payments, Including Refunds of Employee Contributions	(1,757,793)	(1,390,673)	(1,387,728)
Administrative Expense	(31,566)	(30,171)	(32,772)
Other	226,997	41,050	31,135
Net Change in Plan Fiduciary Net Position	<u>\$ (1,901,901)</u>	<u>\$ 10,978,771</u>	<u>\$ 5,026,933</u>
Plan Fiduciary Net Position - Beginning	55,767,025	44,788,253	39,761,319
Plan Fiduciary Net Position - Ending	<u>\$ 53,865,124</u>	<u>\$ 55,767,024</u>	<u>\$ 44,788,252</u>
C. Net Pension Liability (Asset)	<u>\$ 3,687,785</u>	<u>\$ (3,402,491)</u>	<u>\$ 2,754,956</u>
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.59%	106.50%	94.21%
E. Covered Payroll	\$ 18,597,590	\$ 16,581,251	\$ 15,887,176
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	19.83%	(20.52%)	17.34%

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 2020 Plan Year 2019	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
\$	1,620,120	\$ 1,414,049	\$ 1,341,780	\$ 1,308,420	\$ 1,173,891	\$ 1,113,274
	3,074,826	2,808,842	2,524,822	2,259,198	2,109,062	1,896,754
	-	-	244,116	-	(219,294)	-
	302,531	(42,307)	15,337	(82,610)	(756,865)	207,443
	-	-	317,774	-	286,366	-
	(1,158,803)	(1,049,135)	(971,745)	(842,767)	(705,330)	(614,402)
\$	3,838,674	\$ 3,131,449	\$ 3,472,084	\$ 2,642,241	\$ 1,887,830	\$ 2,603,068
	36,908,810	33,777,361	30,305,277	27,663,036	25,775,206	23,172,138
\$	40,747,484	\$ 36,908,810	\$ 33,777,361	\$ 30,305,277	\$ 27,663,036	\$ 25,775,206
\$	1,109,155	\$ 979,636	\$ 795,716	\$ 820,085	\$ 777,746	\$ 782,906
	1,040,764	930,404	833,837	778,916	726,864	719,206
	5,466,602	(605,861)	4,135,192	1,896,749	(145,262)	1,548,686
	(1,158,803)	(1,049,135)	(971,745)	(842,767)	(705,331)	(614,402)
	(30,300)	(26,742)	(21,971)	(20,643)	(18,253)	(18,380)
	39,472	28,968	8,609	34,451	(51,736)	(42,969)
\$	6,466,890	\$ 257,270	\$ 4,779,638	\$ 2,666,791	\$ 584,028	\$ 2,375,048
	33,294,429	33,037,159	28,257,521	25,590,731	25,006,702	22,631,654
\$	39,761,319	\$ 33,294,429	\$ 33,037,159	\$ 28,257,522	\$ 25,590,730	\$ 25,006,702
\$	986,165	\$ 3,614,381	\$ 740,202	\$ 2,047,755	\$ 2,072,306	\$ 768,504
	97.58%	90.21%	97.81%	93.24%	92.51%	97.02%
\$	14,868,050	\$ 13,291,486	\$ 11,911,953	\$ 11,127,366	\$ 10,383,778	\$ 10,274,371
	6.63%	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, 2023

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
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%
2022	1,737,028	1,737,028	-	18,597,590	9.30%

⁽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, 2023

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	17.7 years (based on contribution rate calculated in 12/31/2022 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> <p>2022: New investment return and inflation 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> <p>2022: 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, 2023

	13 Courthouse Security Fund	15 Lateral Road & Bridge Fund	16 Court Reporter Service Fund	17 Attorney Hot Check Fund
ASSETS				
Cash and Cash Equivalents	\$ 34,567	\$ 58,319	\$ 47,889	\$ 54
Investments - Current	103,246	223,231	-	-
Accounts Receivable, Net	4,019	-	2,001	-
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 141,832</u>	<u>\$ 281,550</u>	<u>\$ 49,890</u>	<u>\$ 54</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 2,944	\$ -	\$ 54
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>2,944</u>	<u>-</u>	<u>54</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	278,606	-	-
Restricted for Special Revenue	141,832	-	49,890	-
Total Fund Balances	<u>141,832</u>	<u>278,606</u>	<u>49,890</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 141,832</u>	<u>\$ 281,550</u>	<u>\$ 49,890</u>	<u>\$ 54</u>

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

EXHIBIT H-1 (Cont'd)

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
\$ 28,670	\$ 97,576	\$ 55,665	\$ 38,367	\$ 23,793	\$ 2,736	\$ 11,008	\$ 38,692
529,547	-	-	-	-	-	-	467,824
8,150	2,730	1,073	4	131	1,285	836	8,030
-	-	-	-	-	-	-	-
<u>\$ 566,367</u>	<u>\$ 100,306</u>	<u>\$ 56,738</u>	<u>\$ 38,371</u>	<u>\$ 23,924</u>	<u>\$ 4,021</u>	<u>\$ 11,844</u>	<u>\$ 514,546</u>
\$ 7,963	\$ -	\$ -	\$ -	\$ -	\$ 4,021	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>7,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,021</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
558,404	100,306	56,738	38,371	23,924	-	11,844	514,546
<u>558,404</u>	<u>100,306</u>	<u>56,738</u>	<u>38,371</u>	<u>23,924</u>	<u>-</u>	<u>11,844</u>	<u>514,546</u>
<u>\$ 566,367</u>	<u>\$ 100,306</u>	<u>\$ 56,738</u>	<u>\$ 38,371</u>	<u>\$ 23,924</u>	<u>\$ 4,021</u>	<u>\$ 11,844</u>	<u>\$ 514,546</u>

KENDALL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	27 Vital Statistics Fund	28 Pre-Trial Intervention Fund	29 LEOSE Training Allocation	30 County Jury Fund
ASSETS				
Cash and Cash Equivalents	\$ 785	\$ 34,338	\$ 52,688	\$ 16,270
Investments - Current	-	-	-	-
Accounts Receivable, Net	71	722	1,100	889
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 856</u>	<u>\$ 35,060</u>	<u>\$ 53,788</u>	<u>\$ 17,159</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 900	\$ -
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>900</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	52,888	-
Restricted for Special Revenue	856	35,060	-	17,159
Total Fund Balances	<u>856</u>	<u>35,060</u>	<u>52,888</u>	<u>17,159</u>
Total Liabilities and Fund Balances	<u>\$ 856</u>	<u>\$ 35,060</u>	<u>\$ 53,788</u>	<u>\$ 17,159</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
\$ 40,856	\$ 805	\$ -	\$ -	\$ -	\$ 64,493	\$ 11,400	\$ 69,179
-	-	-	-	-	-	-	-
2,450	390	-	-	-	1,320	540	4,825
-	-	17,600	-	-	-	-	-
<u>\$ 43,306</u>	<u>\$ 1,195</u>	<u>\$ 17,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,813</u>	<u>\$ 11,940</u>	<u>\$ 74,004</u>
\$ -	\$ 1,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	15,609	-	-	-	-	-
-	1,195	15,609	-	-	-	-	-
-	-	-	-	-	-	-	-
43,306	-	1,991	-	-	65,813	11,940	74,004
43,306	-	1,991	-	-	65,813	11,940	74,004
<u>\$ 43,306</u>	<u>\$ 1,195</u>	<u>\$ 17,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,813</u>	<u>\$ 11,940</u>	<u>\$ 74,004</u>

KENDALL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	42 Special Election Fund	43 Fire Inspection & Permit Fund	50 Crime Victims Grant	51 VAWA Grant Fund
ASSETS				
Cash and Cash Equivalents	\$ 27,494	\$ 58,401	\$ -	\$ -
Investments - Current	-	196,278	-	-
Accounts Receivable, Net	14,722	250	-	-
Due from Other Governments	-	-	35,712	19,257
Total Assets	<u>\$ 42,216</u>	<u>\$ 254,929</u>	<u>\$ 35,712</u>	<u>\$ 19,257</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 504	\$ 1,691	\$ -
Due to Other Funds	-	-	34,021	19,257
Total Liabilities	<u>-</u>	<u>504</u>	<u>35,712</u>	<u>19,257</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	-	-
Restricted for Special Revenue	42,216	254,425	-	-
Total Fund Balances	<u>42,216</u>	<u>254,425</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 42,216</u>	<u>\$ 254,929</u>	<u>\$ 35,712</u>	<u>\$ 19,257</u>

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

80 Tobacco Settlement Fund	83 Opioid Abatement 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
\$ 83,036	\$ -	\$ 4,163	\$ 59,788	\$ 80,074	\$ 81	\$ 1,041,187	\$ 1,041,187
32,737	32,450	-	-	81,608	-	1,666,921	1,666,921
-	-	-	-	-	-	55,538	55,538
-	-	-	-	-	-	72,569	72,569
<u>\$ 115,773</u>	<u>\$ 32,450</u>	<u>\$ 4,163</u>	<u>\$ 59,788</u>	<u>\$ 161,682</u>	<u>\$ 81</u>	<u>\$ 2,836,215</u>	<u>\$ 2,836,215</u>
\$ 25,141	\$ -	\$ -	\$ -	\$ 1,037	\$ -	\$ 45,450	\$ 45,450
-	-	-	-	-	-	68,887	68,887
<u>25,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,037</u>	<u>-</u>	<u>114,337</u>	<u>114,337</u>
90,632	-	-	-	-	81	422,207	422,207
-	32,450	4,163	59,788	160,645	-	2,299,671	2,299,671
<u>90,632</u>	<u>32,450</u>	<u>4,163</u>	<u>59,788</u>	<u>160,645</u>	<u>81</u>	<u>2,721,878</u>	<u>2,721,878</u>
<u>\$ 115,773</u>	<u>\$ 32,450</u>	<u>\$ 4,163</u>	<u>\$ 59,788</u>	<u>\$ 161,682</u>	<u>\$ 81</u>	<u>\$ 2,836,215</u>	<u>\$ 2,836,215</u>

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	13 Courtthouse Security Fund	15 Lateral Road & Bridge Fund	16 Court Reporter Service Fund	17 Attorney Hot Check Fund
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 26,374	\$ -	\$ -
Charges for Services	34,881	-	21,470	-
Fines	14,840	-	45	-
Forfeits	-	-	-	-
Investment Earnings	1,442	10,369	-	-
Other Revenue	-	-	-	558
Total Revenues	<u>51,163</u>	<u>36,743</u>	<u>21,515</u>	<u>558</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	-	-	-	-
Tax Administration	-	-	-	-
Public Safety:				
Law Enforcement	18,706	-	-	-
Public Works:				
Road and Bridge	-	34,568	-	-
Justice System	-	-	1,366	558
Juvenile Services	-	-	-	-
Health and Human Services	-	-	-	-
Total Expenditures	<u>18,706</u>	<u>34,568</u>	<u>1,366</u>	<u>558</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,457</u>	<u>2,175</u>	<u>20,149</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	32,457	2,175	20,149	-
Fund Balance - October 1 (Beginning)	<u>109,375</u>	<u>276,431</u>	<u>29,741</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 141,832</u>	<u>\$ 278,606</u>	<u>\$ 49,890</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	28,848	15,569	-	1,835	12,363	60	97,910
99,065	105	-	125	-	2,115	11,358	-
-	-	-	-	-	-	-	-
17,444	-	-	-	-	-	-	13,682
-	-	-	-	-	-	-	-
<u>116,509</u>	<u>28,953</u>	<u>15,569</u>	<u>125</u>	<u>1,835</u>	<u>14,478</u>	<u>11,418</u>	<u>111,592</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
84,765	16,321	9,768	-	200	14,478	23,224	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>84,765</u>	<u>16,321</u>	<u>9,768</u>	<u>-</u>	<u>200</u>	<u>14,478</u>	<u>23,224</u>	<u>-</u>
31,744	12,632	5,801	125	1,635	-	(11,806)	111,592
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
31,744	12,632	5,801	125	1,635	-	(11,806)	111,592
526,660	87,674	50,937	38,246	22,289	-	23,650	402,954
<u>\$ 558,404</u>	<u>\$ 100,306</u>	<u>\$ 56,738</u>	<u>\$ 38,371</u>	<u>\$ 23,924</u>	<u>\$ -</u>	<u>\$ 11,844</u>	<u>\$ 514,546</u>

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	27 Vital Statistics Fund	28 Pre-Trial Intervention Fund	29 LEOSE Training Allocation	30 County Jury Fund
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 6,929	\$ -
Charges for Services	570	16,191	-	9,322
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>570</u>	<u>16,191</u>	<u>6,929</u>	<u>9,322</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	-	-	-	-
Tax Administration	-	-	-	-
Law Enforcement	-	-	5,716	-
Public Works:				
Road and Bridge	-	-	-	-
Justice System	492	-	-	-
Juvenile Services	-	-	-	-
Health and Human Services	-	-	-	-
Total Expenditures	<u>492</u>	<u>-</u>	<u>5,716</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>78</u>	<u>16,191</u>	<u>1,213</u>	<u>9,322</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	78	16,191	1,213	9,322
Fund Balance - October 1 (Beginning)	<u>778</u>	<u>18,869</u>	<u>51,675</u>	<u>7,837</u>
Fund Balance - September 30 (Ending)	<u>\$ 856</u>	<u>\$ 35,060</u>	<u>\$ 52,888</u>	<u>\$ 17,159</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
\$ -	\$ -	\$ 221,320	\$ -	\$ -	\$ -	\$ -	\$ -
25,056	4,121	-	-	-	18,817	6,900	-
-	-	-	-	-	-	-	-
-	-	728	-	-	-	-	60,160
-	-	-	-	-	-	-	5,471
<u>25,056</u>	<u>4,121</u>	<u>222,048</u>	<u>-</u>	<u>-</u>	<u>18,817</u>	<u>6,900</u>	<u>65,631</u>
-	4,121	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	16,504
-	-	-	-	-	-	-	-
-	-	221,320	-	-	-	-	-
-	-	-	-	-	-	-	-
-	<u>4,121</u>	<u>221,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,504</u>
<u>25,056</u>	<u>-</u>	<u>728</u>	<u>-</u>	<u>-</u>	<u>18,817</u>	<u>6,900</u>	<u>49,127</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,056	-	728	-	-	18,817	6,900	49,127
18,250	-	1,263	-	-	46,996	5,040	24,877
<u>\$ 43,306</u>	<u>\$ -</u>	<u>\$ 1,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,813</u>	<u>\$ 11,940</u>	<u>\$ 74,004</u>

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	42 Special Election Fund	43 Fire Inspection & Permit Fund	50 Crime Victims Grant	51 VAWA Grant Fund
REVENUES:				
Intergovernmental Revenue and Grants	\$ 1,594	\$ -	\$ 132,476	\$ 72,380
Charges for Services	19,813	100,938	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	9,117	-	-
Other Revenue	6,946	-	-	-
Total Revenues	<u>28,353</u>	<u>110,055</u>	<u>132,476</u>	<u>72,380</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	10,244	103,474	-	-
Tax Administration	-	-	-	-
Public Safety:				
Law Enforcement	-	-	-	-
Public Works:				
Road and Bridge	-	-	-	-
Justice System	-	-	174,386	130,818
Juvenile Services	-	-	-	-
Health and Human Services	-	-	-	-
Total Expenditures	<u>10,244</u>	<u>103,474</u>	<u>174,386</u>	<u>130,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,109</u>	<u>6,581</u>	<u>(41,910)</u>	<u>(58,438)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	41,910	58,438
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>41,910</u>	<u>58,438</u>
Net Change in Fund Balance	18,109	6,581	-	-
Fund Balance - October 1 (Beginning)	<u>24,107</u>	<u>247,844</u>	<u>-</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 42,216</u>	<u>\$ 254,425</u>	<u>\$ -</u>	<u>\$ -</u>

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

80 Tobacco Settlement Fund	83 Opioid Abatement 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
\$ 24,154	\$ -	\$ -	\$ -	\$ -	\$ 13,174	\$ 498,401	\$ 498,401
-	-	-	-	-	-	414,664	414,664
-	-	-	-	-	-	127,653	127,653
-	-	-	15,393	8,790	-	24,183	24,183
1,521	856	-	2,095	6,848	-	124,262	124,262
-	31,594	-	-	309	-	44,878	44,878
<u>25,675</u>	<u>32,450</u>	<u>-</u>	<u>17,488</u>	<u>15,947</u>	<u>13,174</u>	<u>1,234,041</u>	<u>1,234,041</u>
-	-	-	-	-	-	4,121	4,121
-	-	-	-	-	-	113,718	113,718
-	-	-	-	-	-	16,504	16,504
-	-	-	-	4,893	-	29,315	29,315
-	-	-	-	-	13,174	47,742	47,742
-	-	-	-	-	-	456,376	456,376
-	-	-	-	-	-	221,320	221,320
36,162	-	-	-	-	-	36,162	36,162
<u>36,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,893</u>	<u>13,174</u>	<u>925,258</u>	<u>925,258</u>
(10,487)	32,450	-	17,488	11,054	-	308,783	308,783
-	-	-	-	-	-	100,348	100,348
-	-	-	-	-	-	100,348	100,348
(10,487)	32,450	-	17,488	11,054	-	409,131	409,131
101,119	-	4,163	42,300	149,591	81	2,312,747	2,312,747
<u>\$ 90,632</u>	<u>\$ 32,450</u>	<u>\$ 4,163</u>	<u>\$ 59,788</u>	<u>\$ 160,645</u>	<u>\$ 81</u>	<u>\$ 2,721,878</u>	<u>\$ 2,721,878</u>

KENDALL COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2023

	81 Historical Commission Fund	82 County Donation Fund	Total Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,048	\$ 76,221	\$ 81,269
Accounts Receivable, Net	-	70	70
Total Assets	<u>5,048</u>	<u>76,291</u>	<u>81,339</u>
LIABILITIES			
Accounts Payable	-	629	629
Total Liabilities	<u>-</u>	<u>629</u>	<u>629</u>
NET POSITION			
Restricted for Other Purposes	5,048	75,662	80,710
Total Net Position	<u>\$ 5,048</u>	<u>\$ 75,662</u>	<u>\$ 80,710</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, 2023

Data Control Codes	81 Historical Commission Fund	82 County Donation Fund	Total Private Purpose Trust Funds
ADDITIONS:			
Contributions & Donations from Private	\$ -	\$ 15,605	\$ 15,605
Other Revenue	50	-	50
Total Additions	<u>50</u>	<u>15,605</u>	<u>15,655</u>
DEDUCTIONS:			
Purchased Professional & Technical Services	2,564	-	2,564
Other Operating Costs	-	20,766	20,766
Total Deductions	<u>2,564</u>	<u>20,766</u>	<u>23,330</u>
Change in Net Position	(2,514)	(5,161)	(7,675)
Total Net Position - October 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position - September 30 (Ending)	<u>\$ (2,514)</u>	<u>\$ (5,161)</u>	<u>\$ (7,675)</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, 2023

	90	92	93	Total
	Trust	Officials'	State Fees	Custodial
	Account	Fee	& Special	Funds
		Accounts	Tax	
ASSETS				
Cash and Cash Equivalents	\$ 4,075,496	\$ 4,421,855	\$ 351,140	\$ 8,848,491
Investments - Current	1,176,422	785,580	-	1,962,002
Accounts Receivable, Net	-	-	42,268	42,268
Total Assets	<u>5,251,918</u>	<u>5,207,435</u>	<u>393,408</u>	<u>10,852,761</u>
LIABILITIES				
Accounts Payable	-	-	231,587	231,587
Intergovernmental Payable	5,515	-	107,610	113,125
Total Liabilities	<u>5,515</u>	<u>-</u>	<u>339,197</u>	<u>344,712</u>
NET POSITION				
Restricted for Other Purposes	5,246,403	5,207,435	54,211	10,508,049
Total Net Position	<u>\$ 5,246,403</u>	<u>\$ 5,207,435</u>	<u>\$ 54,211</u>	<u>\$ 10,508,049</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, 2023

Data Control Codes	90 Trust Account	92 Officials' Fee Accounts	93 State Fees & Special Tax	Total Custodial Funds
ADDITIONS:				
Charges for Services	\$ 155,101	\$ -	\$ 641,319	\$ 796,420
Investment Earnings	15,214	-	-	15,214
Other Revenue	1,197,530	102,532,236	-	103,729,766
Total Additions	<u>1,367,845</u>	<u>102,532,236</u>	<u>641,319</u>	<u>104,541,400</u>
DEDUCTIONS:				
Other Operating Costs	166,796	106,356,154	639,064	107,162,014
Total Deductions	<u>166,796</u>	<u>106,356,154</u>	<u>639,064</u>	<u>107,162,014</u>
Change in Net Position	1,201,049	(3,823,918)	2,255	(2,620,614)
Total Net Position - October 1 (Beginning)	-	-	-	-
Licenses and Permits	-	-	-	-
Total Net Position - September 30 (Ending)	<u>\$ 1,201,049</u>	<u>\$(3,823,918)</u>	<u>\$ 2,255</u>	<u>\$(2,620,614)</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, 2023, 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 8, 2024.

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 8, 2024



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, Texas' 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, 2023. Kendall County, Texas' 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, Texas, 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, 2023.

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 8, 2024

KENDALL COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. Summary of the Auditor's Results:

I. Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material Weakness(es) identified Yes X No

Significant deficiencies identified that are not considered to be material weakness Yes X No

Noncompliance material to financial statements noted? Yes X No

II. Federal and State Awards

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material Weakness(es) identified Yes X No

Significant deficiencies identified that are not considered to be material weakness Yes X No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance? Yes X No

Identification of major federal program:

Assistance
Listing Number
21.027

Name of the Federal Program
or Cluster
**Coronavirus State and Local
 Fiscal Recovery Fund**

Dollar threshold used to distinguish between type A and type B federal programs: \$750,000

Auditee qualified as low-risk auditee? X 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, 2023

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, 2023

(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 HEALTH AND HUMAN SERVICES</u>			
<u>Passed Through State Department of Health Services</u>			
Cities Readiness Initiative Grant	93.069	HHS000145800001	\$ 2,689
Total Passed Through State Department of Health Services			2,689
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,689
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Direct Programs</u>			
Equitable Sharing Program	16.922		4,893
State Criminal Alien Assistance Program	16.606	15PBJA-20-RR-00532-SCAA	19,478
State Criminal Alien Assistance Program	16.606	15PBJA-21-RR-05195-SCAA	14,785
Total CFDA Number 16.606			34,263
Total Direct Programs			39,156
<u>Passed Through State Office of Governor</u>			
Violence Against Women Act Justice & Training Prog	16.588	3562704	72,380
Justice Assistance Grant Program	16.738	4210201	75,000
Total Passed Through State Office of Governor			147,380
TOTAL U.S. DEPARTMENT OF JUSTICE			186,536
<u>U.S. DEPARTMENT OF TREASURY</u>			
<u>Direct Programs</u>			
Coronavirus State and Local Fiscal Recovery Funds	21.027		2,689,993
Total Direct Programs			2,689,993
<u>Passed Through State Office of Governor</u>			
VC-Coronavirus State Fiscal Recovery Funds (Victims of Crime- SB 8)	21.027	2021-CS-21027	132,476
Total Passed Through State Office of Governor			132,476
TOTAL U.S. DEPARTMENT OF TREASURY			2,822,469
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,011,694

KENDALL COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

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, 2023. 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 8, 2024

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, 2023. 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 September 29, 2023. 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. 96 *Subscription-Based Information Technology Arrangements* was adopted and the application of existing policies was not changed during 2023. 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 8, 2024.

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, Texas' 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, Texas' 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; Budgetary Comparison Schedule- Coronavirus Local Fiscal Recovery Funds; 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 Fiduciary Net Position- Private Purpose Trust Funds; Combining Statement of Additions, Deductions and Changes in Net Position– Private Purpose Trust Funds; Combining Statement of Fiduciary Net Position- Custodial Funds and the Combining Statement of Additions, Deduction and Changes in Fund Net Position – Custodial 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.

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.

Sincerely,

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

Neffendorf & Blocker, P.C.
Fredericksburg, Texas
March 8, 2024