

*BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION*

**COUNTY OF SCHLEICHER,
TEXAS**

Eldorado, Texas

For the Year Ended
December 31, 2022

SCHLEICHER COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

SCHLEICHER COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

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NEFFENDORF & BLOCKER, P.C.

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Schleicher
Eldorado, TX 79636

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Schleicher, Texas, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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, the business-type activities, each major fund, and the aggregate remaining fund information of County of Schleicher, Texas as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 County of Schleicher, 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

TEL: 830 997 3348

EMAIL: info@nb-cpa.com

P.O. Box 874 · 512 S Adams Street, Fredericksburg, TX 78624

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective 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 judgement 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 County of Schleicher, 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 County of Schleicher, 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 required that management's discussion and analysis, budgetary comparison schedules, schedule of changes in net pension liability and related ratios, schedule of contributions to Texas County & District Retirement System, and schedule of changes in the total other post-employment benefit liability and related ratios on pages 3-9 and 48-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Schleicher, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 American. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported date December 7, 2023, on our consideration of County of Schleicher, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Schleicher, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Schleicher, Texas' internal control over financial reporting and compliance.

Neffendorf + Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

December 7, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Schleicher 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 December 31, 2022. Please read it in conjunction with the independent auditors' report on page 1, and the County's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,963,786 (net position). Of this amount, \$4,034,295 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$1,731,610 as a result of this year's operations.
- At December 31, 2022, the County's governmental funds reported combined ending fund balances of \$6,320,469, an increase of \$735,074 in comparison with the prior year.
- At December 31, 2022, the unreserved fund balance of the general fund was \$1,945,499, or 71 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10-12). 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 statements of a business enterprise.

Fund financial statements (on pages 13-23) 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 custodian 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 (General Fund and Road and Bridge Fund), the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in Total OPEB Liability and Related Ratios are presented as required supplementary information on pages 48-58.

The combining statements for nonmajor funds and fiduciary funds beginning on page 59 contain even more information about the County's individual funds.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenditures 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 expenditures are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by 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 public safety, roads and bridges, justice system, juvenile services, health and human services, culture and recreation, conservation and development and administration. Property taxes, user charges, investment earnings, sales tax and grants finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 13-23 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 - All of the County's basic services are reported in governmental funds. These use modified accrual basis of 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 \$8,232,176 to \$9,963,786. 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 \$4,034,295 at December 31, 2022. This increase in governmental net position was the result of five factors. First, the County's revenues exceeded the expenditures by \$735,074. Second, the County recorded the self-insurance fund in the amount of (\$38,788). Third, the County paid on long-term principal debt of \$123,461 and acquired capital assets in the amount of \$938,709. Fourth, the County recorded depreciation in the amount of \$325,602. Fifth, a net increase of \$316,015 due to the required entries of GASB 68, *Accounting and Financial Reporting for Pensions* and a net decrease of \$13,567 due to the required entries of GASB 75, *Accounting and Financial Reporting for OPEBs*.

Table I
Schleicher County, Texas

NET POSITION
in thousands

	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 11,197	\$ 10,252
Capital Assets	3,692	3,070
Net Pension Asset	1,037	-
Total Assets	\$ 15,926	\$ 13,322
Deferred Outflow Related to Pension Plan	\$ 479	\$ 619
Deferred Outflow Related to OPEB Plan	39	42
Total Deferred Outflows of Resources	\$ 518	\$ 661
Noncurrent Liabilities	\$ 522	\$ 887
Net Pension Liability	-	419
OPEB Liability	189	175
Other Liabilities	932	602
Total Liabilities	\$ 1,643	\$ 2,083
Unavailable Revenue- Property Taxes	3,486	3,314
Deferred Inflow Related to Pension Plan	1,348	349
Deferred Inflow Related to OPEB Plan	3	5
Total Deferred Inflows of Resources	\$ 4,837	\$ 3,668
Net Position:		
Net Investment in Capital Assets	3,170	2,467
Restricted	2,760	3,403
Unrestricted	4,034	2,362
Total Net Assets	\$ 9,964	\$ 8,232

Table II
Schleicher County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2022	2021
Revenues:		
Charges for Services	\$ 506	\$ 495
Property Tax	3,836	3,487
Sales Tax	230	199
Investment Earnings	69	33
Miscellaneous	488	507
Grants	733	216
Total Revenues	\$ 5,862	\$ 4,937
Expenditures:		
General Government	\$ 1,761	\$ 2,059
Public Safety	902	911
Cemetery	79	56
Road & Bridges	823	684
Airport	94	107
Health & Welfare	382	150
Culture & Recreation	78	58
Debt Service	11	15
Total Expenditures	\$ 4,130	\$ 4,040
Increase (Decrease) in Net Position	\$ 1,732	\$ 897
Net Position, Beginning	8,232	5,692
Prior Period Adjustment	-	1,643
Net Position, Ending	\$ 9,964	\$ 8,232

The cost of all governmental activities this year was \$4,129,870. However, as shown in the Statement of Activities on page 11, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$3,836,042 because the other costs were paid by sales tax (\$229,849), grants (\$732,734), user charges (\$505,692) and other miscellaneous (\$557,193).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$6,320,469, which is more than last year's total of \$5,585,395. Included in this year's total change in fund balance is an increase of \$454,106 in the County's General Fund.

The Commissioners Court adopted the General Fund and Road and Bridge Fund Budgets. In the General Fund actual revenues were less than budgeted amounts and expenditures were less than budgeted amounts. In the Road and Bridge Fund actual revenues were less than budgeted amounts and expenditures were less than budgeted amounts.

CAPITAL ASSETS

At the end of 2022, the County had \$3,691,483 invested in a broad range of capital assets, including land, buildings, infrastructure, equipment and vehicles.

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 232,960	\$ 232,960
Buildings	4,955,072	4,955,072
Infrastructure	574,901	574,901
Machinery & Equipment	1,103,388	830,378
Vehicles	2,607,828	2,499,854
Right-to-Use Lease Assets	12,573	-
Construction in Progress	<u>602,671</u>	<u>81,765</u>
Total Capital Assets	\$ <u>10,089,393</u>	\$ <u>9,174,930</u>
Less: Accumulated Depreciation & Amortization	<u>(6,397,910)</u>	<u>(6,164,660)</u>
Capital Assets, Net	\$ <u><u>3,691,483</u></u>	\$ <u><u>3,010,270</u></u>

LONG-TERM DEBT

At December 31, 2022, the County had the following outstanding debt:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Bonds Payable	483,000	602,000
Finance Purchase Payable	29,530	-
Right-to-Use Leases Payable	8,112	-

The County paid principal of \$119,000 to reduce the balance outstanding to \$483,000 on the Series 2017 Refunding Bonds, as shown in Note 3.G. to the financial statements.

FUTURE ADOPTION OF ACCOUNTING POLICIES

The GASB has issued the following potentially significant statement which the County has not yet adopted, and which required adoption subsequent to December 31, 2022.

<u>Statement No.</u>	<u>Title</u>	<u>Adoption Required</u>
96	Subscription-Based Information Technology Arrangements	December 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget and tax rates. Factors considered in establishing a budget are the funding needs of the County for operations and programs necessary to provide services to the citizens of Schleicher County. These indicators were taken into account when adopting the General Fund budget for 2023. Amounts available for appropriation in the General Fund budget are \$3,750,212 and disbursements are estimated to be \$3,750,212.

If these estimates are realized, the County's budgetary General fund balance is expected to remain the same by the close of 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

SCHLEICHER COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2022

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 792,803
Investments - Current	6,115,914
Accounts Receivable, Net	4,080,009
Due from Other Governments	15,582
Due from Fiduciary Funds	20,470
Prepaid Items	171,961
Capital Assets:	
Land Purchase and Improvements	232,960
Infrastructure, Net	440,855
Buildings, Net	1,383,412
Furniture and Equipment, Net	526,890
Capital Assets, Net	496,589
Right-to-Use Lease Assets	8,106
Construction in Progress	602,671
Net Pension Asset	1,037,198
Total Assets	15,925,420
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	478,789
Deferred Outflow Related to OPEB	39,242
Total Deferred Outflows of Resources	518,031
LIABILITIES	
Accounts Payable	63,813
Wages and Salaries Payable	18,201
Intergovernmental Payable	10,123
Accrued Interest Payable	844
Unearned Revenues	840,059
Noncurrent Liabilities:	
Due Within One Year	130,112
Due in More Than One Year:	
Due in More Than One Year	390,530
Net OPEB Liability	188,559
Total Liabilities	1,642,241
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	3,486,028
Deferred Inflow Related to Pension Plan	1,348,650
Deferred Inflow Related to OPEB	2,746
Total Deferred Inflows of Resources	4,837,424
NET POSITION	
Net Investment in Capital Assets and Lease Assets	3,169,997
Restricted:	
Restricted for Special Revenue	2,564,912
Restricted for Pool Participant	139,852
Restricted for Debt Service	54,730
Unrestricted	4,034,295
Total Net Position	\$ 9,963,786

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
County Judge	\$ 157,265	\$ -	\$ 25,200
County Attorney	111,725	2,650	28,000
County & District Clerk	198,266	76,849	-
County Treasurer	165,187	-	-
County Tax Assessor-Collector	138,544	-	-
Justice of the Peace	159,032	37,100	-
Sheriff	823,655	-	-
Operation Lone Star	78,594	-	-
Cemetery	67,828	-	-
Courthouse	166,916	-	-
Courthouse Annex	6,058	-	-
County Commissioners	133,885	-	-
County Agent	34,432	-	-
Road & Bridge	823,369	358,565	13,940
Memorial Building	15,110	-	-
Community Resources	118,652	10,600	16,743
Fire & Emergency Management Services	381,685	-	267,940
Airport	93,887	5,142	-
District Court	49,689	-	-
County & J.P. Court	1,702	-	-
Elections	31,324	5,300	-
Golf Course	13,565	-	-
Park	485	-	-
Pool	42,551	7,950	-
Rodeo Arena	6,721	-	-
Jury Fees	676	-	-
Community Action Council	261	-	-
Non-Departmental	230,453	1,536	-
Interest on Debt and Right-to-Use Leases	11,347	-	-
Self Insurance	67,006	-	-
TOTAL PRIMARY GOVERNMENT	\$ 4,129,870	\$ 505,692	\$ 351,823

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Grants and Contributions

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

		Net (Expense) Revenue and	
		Changes in Net Position	
		Primary Government	
Capital		Governmental	
Grants and			
Contributions			
\$	-	\$	(132,065)
	-		(81,075)
	-		(121,417)
	-		(165,187)
	-		(138,544)
	-		(121,932)
	188,675		(634,980)
	-		(78,594)
	-		(67,828)
	-		(166,916)
	-		(6,058)
	-		(133,885)
	-		(34,432)
	-		(450,864)
	-		(15,110)
	-		(91,309)
	-		(113,745)
	163,794		75,049
	-		(49,689)
	-		(1,702)
	28,412		2,388
	-		(13,565)
	-		(485)
	-		(34,601)
	-		(6,721)
	-		(676)
	-		(261)
	-		(228,917)
	-		(11,347)
	-		(67,006)
\$	<u>380,881</u>		<u>(2,891,474)</u>

3,723,898
112,144
229,849
35,000
30
453,152
69,011
<u>4,623,084</u>
1,731,610
<u>8,232,176</u>
\$ <u>9,963,786</u>

SCHLEICHER COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Road & Bridge Fund	Farm to Market Road Fund
ASSETS			
Cash and Cash Equivalents	\$ 91,912	\$ 5,687	\$ 94,715
Investments - Current	2,280,367	303,881	203,724
Interest Receivable - investments	20,234	-	-
Taxes Receivable	2,993,163	-	554,732
Accounts Receivable, Net	37,008	-	165,460
Due from Other Governments	7,870	-	-
Due from Other Funds	-	20,470	-
Prepaid Items	99,111	54,000	-
Total Assets	<u>\$ 5,529,665</u>	<u>\$ 384,038</u>	<u>\$ 1,018,631</u>
LIABILITIES			
Accounts Payable	\$ 11,901	\$ -	\$ 28,299
Wages and Salaries Payable	14,138	1,200	2,615
Intergovernmental Payable	-	10,123	-
Unearned Revenues	465,853	-	81,313
Total Liabilities	<u>491,892</u>	<u>11,323</u>	<u>112,227</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	2,993,163	-	554,732
Total Deferred Inflows of Resources	<u>2,993,163</u>	<u>-</u>	<u>554,732</u>
FUND BALANCES			
Prepaid Items	99,111	54,000	-
Federal or State Funds Grant Restriction	-	-	-
Restricted for Special Revenue	-	318,715	351,672
Retirement of Long-Term Debt	-	-	-
Construction	-	-	-
Other Committed Fund Balance	-	-	-
Unassigned Fund Balance	1,945,499	-	-
Total Fund Balances	<u>2,044,610</u>	<u>372,715</u>	<u>351,672</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,529,665</u>	<u>\$ 384,038</u>	<u>\$ 1,018,631</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 71,919	\$ 510,702	\$ 774,935
-	3,205,958	5,993,930
-	51,949	72,183
134,441	-	3,682,336
1,136	-	203,604
-	7,712	15,582
-	-	20,470
-	18,850	171,961
<u>\$ 207,496</u>	<u>\$ 3,795,171</u>	<u>\$ 10,935,001</u>
\$ -	\$ 23,613	\$ 63,813
-	248	18,201
-	-	10,123
18,325	274,568	840,059
<u>18,325</u>	<u>298,429</u>	<u>932,196</u>
134,441	-	3,682,336
<u>134,441</u>	<u>-</u>	<u>3,682,336</u>
-	18,850	171,961
-	40,092	40,092
-	1,854,433	2,524,820
54,730	-	54,730
-	1,033,532	1,033,532
-	549,835	549,835
-	-	1,945,499
<u>54,730</u>	<u>3,496,742</u>	<u>6,320,469</u>
<u>\$ 207,496</u>	<u>\$ 3,795,171</u>	<u>\$ 10,935,001</u>

SCHLEICHER COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

Total Fund Balances - Governmental Funds	\$	6,320,469
The County uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.		139,852
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.		2,468,270
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays and debt principal payments is to increase net position.		1,062,170
The County reported their net pension liability in the Government Wide Statement of Net Position in accordance with GASB Statement No. 68. The items reported as a result of this implementation included a Deferred Resource Outflow of \$478,789, a Net Pension Asset of \$1,037,198 and a Deferred Resource Inflow of \$1,348,650. The net effect of these is to increase net position by \$167,337.		167,337
The County reported their OPEB liability in the Government Wide Statement of Net Position in accordance with GASB Statement No. 75. The items reported as a result of this implementation included a Deferred Resource Outflow of \$39,242, a net OPEB liability of \$188,559 and a Deferred Resource Inflow of \$2,746. The net effect of these is to decrease net position by \$152,063.		(152,063)
The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on the right-to-use leased assets.		(330,069)
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 finance purchases as a long term liability, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		287,820
Net Position of Governmental Activities	\$	9,963,786

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Road & Bridge Fund	Farm to Market Road Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 3,093,195	\$ -	\$ 572,832
General Sales and Use Taxes	116,171	-	-
Other Taxes	35,000	-	-
Licenses and Permits	-	234,017	-
Intergovernmental Revenue and Grants	258,618	-	-
Charges for Services	91,721	123,540	-
Investment Earnings	14,159	3,881	3,864
Rents and Royalties	1,553	-	-
Contributions & Donations from Private Sources	30	-	-
Other Revenue	6,116	-	19,253
Total Revenues	<u>3,616,563</u>	<u>361,438</u>	<u>595,949</u>
EXPENDITURES:			
County Judge	160,778	-	-
County Attorney	116,311	-	-
County & District Clerk	198,901	-	-
County Treasurer	167,760	-	-
County Tax Assessor-Collector	141,302	-	-
Justice of the Peace	141,173	-	-
Sheriff	936,620	-	-
Operation Lone Star	188,675	-	-
Cemetery	68,231	-	-
Courthouse	170,076	-	-
Courthouse Annex	5,676	-	-
County Commissioners	-	135,717	-
County Agent	33,055	-	-
Road & Bridge	-	382,146	823,785
Memorial Building	-	-	-
Community Resources	-	-	-
Fire & Emergency Management Services	29,328	-	-
Airport	-	-	-
District Court	43,142	-	-
County & J.P. Court	1,600	-	-
Elections	24,793	-	-
Golf Course	12,754	-	-
Park	455	-	-
Pool	39,979	-	-
Rodeo Arena	6,300	-	-
Jury Fees	636	-	-
Community Action Council	245	-	-
Non-Departmental	237,182	-	-
Debt Service:			
Principal on Debt and Right-to-Use Leases	4,461	-	-
Interest on Debt and Right-to-Use Leases	54	-	-
Total Expenditures	<u>2,729,487</u>	<u>517,863</u>	<u>823,785</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>887,076</u>	<u>(156,425)</u>	<u>(227,836)</u>
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	27,500	-	-
Noncurrent Loans	29,530	-	-
Transfers In	-	-	40,000
Transfers Out	(490,000)	10,000	-
Total Other Financing Sources (Uses)	<u>(432,970)</u>	<u>10,000</u>	<u>40,000</u>
Net Change in Fund Balances	454,106	(146,425)	(187,836)
Fund Balance - January 1 (Beginning)	<u>1,590,504</u>	<u>519,140</u>	<u>539,508</u>
Fund Balance - December 31 (Ending)	<u>\$ 2,044,610</u>	<u>\$ 372,715</u>	<u>\$ 351,672</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 134,777	\$ -	\$ 3,800,804
-	113,678	229,849
-	-	35,000
-	-	234,017
-	474,086	732,704
-	49,738	264,999
209	44,914	67,027
-	5,124	6,677
-	-	30
-	379,189	404,558
<u>134,986</u>	<u>1,066,729</u>	<u>5,775,665</u>
-	-	160,778
-	-	116,311
-	3,573	202,474
-	-	167,760
-	-	141,302
-	26,002	167,175
-	23,186	959,806
-	-	188,675
-	-	68,231
-	-	170,076
-	-	5,676
-	-	135,717
-	-	33,055
-	13,940	1,219,871
-	14,174	14,174
-	110,529	110,529
-	365,740	395,068
-	252,066	252,066
-	3,915	47,057
-	-	1,600
-	32,860	57,653
-	-	12,754
-	-	455
-	-	39,979
-	-	6,300
-	-	636
-	-	245
-	50,000	287,182
119,000	-	123,461
11,501	-	11,555
<u>130,501</u>	<u>895,985</u>	<u>5,097,621</u>
<u>4,485</u>	<u>170,744</u>	<u>678,044</u>
-	-	27,500
-	-	29,530
-	440,000	480,000
-	-	(480,000)
-	440,000	57,030
4,485	610,744	735,074
50,245	2,885,998	5,585,395
<u>\$ 54,730</u>	<u>\$ 3,496,742</u>	<u>\$ 6,320,469</u>

SCHLEICHER 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 DECEMBER 31, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	735,074
The County uses an internal service fund to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease the change in net position.		(38,788)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays and debt principal payments is to increase the change in net position.		1,062,170
The entries required by GASB Statement No. 68 did require that some expenses on Exhibit B-1 be adjusted. Total credits to expense were \$745,148 and total debits to expense were \$429,133. The net effect on the change in net position on Exhibit B-1 is an increase of \$316,015.		316,015
The entries required by GASB Statement No. 75 did required that some expenses on Exhibit B-1 be adjusted. Total credits to expense were \$7,244 and total debits to expense were \$20,811. The net effect on the change in net position on Exhibit B-1 is a decrease of \$13,567.		(13,567)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position. Please note this includes amortization on right-to-use leased assets.		(330,069)
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 finance purchases, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		775
Change in Net Position of Governmental Activities	<u>\$</u>	<u>1,731,610</u>

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 17,868
Investments - Current	121,984
Total Assets	139,852
NET POSITION	
Restricted for Pool Participant	139,852
Total Net Position	\$ 139,852

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT D-2

	Governmental Activities	Internal Service Fund
OPERATING REVENUES:		
Other Revenue	\$ 11,234	
Total Operating Revenues	11,234	
OPERATING EXPENSES:		
Other Operating Costs	67,006	
Total Operating Expenses	67,006	
Operating Income (Loss)	(55,772)	
NONOPERATING REVENUES (EXPENSES):		
Investment Earnings	16,984	
Total NonOperating Revenue (Expenses)	16,984	
Change in Net Position	(38,788)	
Total Net Position - January 1 (Beginning)	178,640	
 Total Net Position - December 31 (Ending)	 \$ 139,852	

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT D-3

	Governmental Activities
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Insurance Surplus	\$ 11,234
Cash Payments for Insurance Claims	(67,006)
Net Cash Provided by (Used for) Operating Activities	(55,772)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	16,984
Net Increase (Decrease) in Cash and Cash Equivalents	(38,788)
Cash and Cash Equivalents at Beginning of Year	178,640
Cash and Cash Equivalents at End of Year	\$ 139,852
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss)	\$ (55,772)

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 132,887	\$ 222,063
Investments - Current	2,831,013	-
Accounts Receivable, Net	-	2,630
Total Assets	<u>2,963,900</u>	<u>224,693</u>
LIABILITIES		
Due to Other Funds	-	20,470
Unearned Revenues	10,969	-
Total Liabilities	<u>10,969</u>	<u>20,470</u>
NET POSITION		
Restricted for Other Purposes	<u>2,952,931</u>	<u>204,223</u>
Total Net Position	<u><u>\$ 2,952,931</u></u>	<u><u>\$ 204,223</u></u>

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT E-2

	Private Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Charges for Services	\$ -	\$ 13,084,503
Investment Earnings	(47,109)	-
Rents and Royalties	10,969	-
Total Additions	<u>(36,140)</u>	<u>13,084,503</u>
DEDUCTIONS:		
Other Operating Costs	10,203	13,603,347
Total Deductions	<u>10,203</u>	<u>13,603,347</u>
Net Change in Fiduciary Net Position	(46,343)	(518,844)
Total Net Position - January 1 (Beginning)	<u>2,999,274</u>	<u>723,067</u>
Total Net Position - December 31 (Ending)	<u>\$ 2,952,931</u>	<u>\$ 204,223</u>

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

NOTES TO FINANCIAL STATEMENTS

SCHLEICHER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Schleicher 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.

The County Commissioners are elected by registered voters of the County and have oversight responsibility in that they have decision-making authority, the ability to significantly influence operations and primary accountability for fiscal matters. All functions and activities over which the commissioners exercise oversight responsibility have been included in the reporting entity. There are no component units included within the reporting entity.

In evaluating how to define the government, for financial purposes, management has considered all potential component units by applying the criteria set forth in GASB Statement No. 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is 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 potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would required inclusion in this report.

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The Statement of Net Position and the 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.

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 expenditures/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 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 expenditures of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. All other revenues and expenses are nonoperating.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

Special Revenue Funds

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

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of 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

The Capital Projects Fund accounts for financial resources that are restricted, committed or assigned to expenditures for the acquisition and construction of major capital facilities and other capital assets.

Proprietary Funds

Internal Service Fund

Revenues and expenditures related to services provided to organization inside the County on a cost reimbursement basis are accounted for in an internal service fund. The County's internal service fund is the self-insurance fund.

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 a trustee capacity for other governments.

Private Purpose Trust Funds

Private Purpose Trust funds account for assets held by the County in a purely trustee capacity. The reporting entity includes one trust fund, the permanent school fund. Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

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 Funds:	
Farm to Market Road Fund	Accounts for all road and bridge construction and maintenance activity for farm to market roads.
Road & Bridge Fund	Accounts for all road and bridge construction and maintenance activity.

Debt Service Fund	Accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
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Additionally, the County reports the following fund type(s):

Capital Projects Fund	Accounts for all financial resources that are restricted to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
Special Revenue Funds	Account for and reports the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

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, the governmental 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 and Private Purpose Trust Funds utilize the economic resource measurement focus.

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, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and fiduciary 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 or 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, Cash Equivalents and Investments

For the purpose of the statement of net position, "Cash and Cash Equivalents" includes demand deposit accounts. All amounts are considered available upon demand and are considered to be "cash equivalents".

The County's investments approximate fair value, except for external pools. Fair value is based on quoted market prices as of the valuation date. Management's intent is to hold all investments to maturity and thereby recover the full value of the various investments made. The gain/loss resulting from valuation will be reported within the "Investment Income" account on the Statements of Revenues, Expenditures and Changes in Fund Balance and on the Statement of Changes in Fiduciary Net Position.

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 include revenue accruals such as property taxes, grant 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 No. 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 January 1, 2003 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 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 bonds payable.

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

Vacation and sick leave disbursements are charged to operations when taken by the employees of the

County. Accordingly, no accruals are reflected in the accounts for unpaid amounts of vacation and sick leave earned by employees. After one year of service an employee is entitled to two weeks of vacation. If the employee does not take the vacation within the year, they will lose the benefit. If an employee is terminated for any reason they will be entitled to payment for the vacation they have earned. Employees are not paid for unused sick leave upon separation from service. The liabilities for accumulated vacation and sick leave at December 31, 2022 are estimated to be insignificant and are not reflected in the accompanying financial statements.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assts- 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 not 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. Commissioners' Court). 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 Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commissioners' Court establishes (and modifies or rescinds) 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 Commissioners' Court 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).

The County's fund balance policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

Net Position

Net Position represent the difference between assets and liabilities. Net Position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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.

Other Post-Employment Benefits

The County participates in the Texas County & District Retirement System Group- Term Life program, which is an other post-employment benefit. The Total OPEB Liability is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are disclosed in the following notes, primarily result from changes in components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change.

Use of Estimates

The preparation of financial statements, in conformity with generally accepting 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 section 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 current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

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.

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 reallocation 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.

2.A. BUDGETARY INFORMATION

Annual budgets, as required by state statute, are adopted on a cash basis which is a basis of accounting other than accounting principles generally accepted in the United States of America for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

The County Judge and staff prepare the proposed budget, the County Judge does all of the receipt estimates with input from each office that generates receipts and submits the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, disbursements for current operating funds cannot exceed the estimated available cash balances in such funds on January 1, plus the estimate of receipts for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected receipts. Commissioners Court may transfer amounts among individual budget line items within major disbursement categories during the year, but no such transfer may increase the overall total of the budget. Formal budgetary integration is employed for the General, Special Revenue, Debt Service and Capital Projects operations. Budgets for these funds are prepared on a cash basis. Unused appropriations lapse at the end of each year.

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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 December 31, 2022, the carrying amount of the County's deposits was \$1,014,866 and the bank balance was \$1,174,345. The County's cash deposits held at First National Bank of Eldorado at December 31, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable

investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual funds, (8) Investment pools and guaranteed investment contracts. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. For the year ended December 31, 2022 the County complied, in all material respects, with the requirements of the Public Funds Investment Act and with local policies.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principals. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

-Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

-Level 2 inputs are inputs-other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly.

-Level 3 inputs are unobservable inputs for an asset or liability.

The County's temporary investments at December 31, 2022, are shown below:

	Credit Rating	Fair Value	Fair Value Measurements	
			Level 1 Inputs	Level 2 Inputs
<u>Investments measured at amortized cost</u>				
<u>Local Government Investment Pools</u>				
LOGIC	AAA	\$ 898,862	\$ N/A	\$ N/A
Texas Class	AAA	\$ 1,453,183	\$ N/A	\$ N/A
<u>Investments by fair value level</u>				
Money Market Mutual Fund	AAA	\$ 213,267	\$ 213,267	\$ -
U.S. Treasury Notes	AAA	\$ 1,347,685	\$ 1,347,685	\$ -
U.S. Agency Bonds	AAA/AA+	\$ 375,008	\$ -	\$ 375,008
Certificates of Deposit		\$ 1,827,909	\$ 1,827,909	\$ -

* LOGIC , Texas CLASS and TexStar are Local Government Investment Pools established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Such funds allow shareholder 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. TexStar and LOGIC must maintain a weighted average maturity not to exceed 60 days.

* Local Government Investment Cooperative ("LOGIC") allows shareholders the ability to deposit or withdraw funds daily. 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. On December 31, 2021, the weighted average of maturity was 56 days and the net asset value was 0.999893.

* Texas Class invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, who are elected annually by its participants. On December 31,2022, the weighted average of maturity was 33 days and the net asset value was .99994715.

Policies Governing Deposits and Investments

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. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexSTAR and LOGIC investment pools invest only in investments authorized under the Public Funds Investment Act. As of December 31, 2022, TexClass' investment credit quality rating was AAAM (Standard & Poor's), and LOGIC Investment Pool's investment credit quality rating was AAA (Standard & Poor's).

3.B. PROPERTY TAXES

The County contracts with Schleicher County Appraisal District for the appraisal of taxes. The County levies taxes on real property within the County on October 1 each year, which is the lien date. Such taxes become delinquent the following February 1. The County contracted with the Schleicher County Appraisal District for the appraisal of taxes. For the 2021 tax roll, the tax rate was \$.5909. per \$100 valuation and the total property valuation was \$549,582,827. County ad valorem taxes assessed on the 2021 roll amounted to \$3,221,106. The tax rate of \$.5909 per \$100 valuation was allocated to the general fund for \$.5659 and to the debt service fund for \$.0250. In addition, for the 2021 tax roll, the total assessed valuation for Schleicher County F/M RD was \$549,101,203 and the taxes assessed amount to \$571,844. The total tax rate was \$.1050. The maximum levy allowed by State law for the above purposes is \$0.80 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 & operations and interest & sinking based on rates adopted for the year of the levy. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

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.

3.C. RECEIVABLES

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

	General	Road & Bridge	Farm to Market Road	Debt Service	Other Governmental Funds	TOTAL
Receivables:						
Property Taxes	\$ 2,993,163	\$ -	\$ 554,732	\$ 134,441	\$ -	\$ 3,682,336
Other	37,008	-	165,460	1,136	-	203,604
Intergovernmental	<u>7,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,712</u>	<u>15,582</u>
Gross Receivables	\$ 3,038,041	\$ -	\$ 720,192	\$ 135,577	\$ 7,712	\$ 3,901,522
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	\$ <u>3,038,041</u>	\$ <u>-</u>	\$ <u>720,192</u>	\$ <u>135,577</u>	\$ <u>7,712</u>	\$ <u>3,901,522</u>

COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement No. 34, the County has determined the amount of court fines and fees receivable to be \$812,573, 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 of \$690,687 resulting in a net receivable of \$121,886.

3.D. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time.

Deferred outflows on the Statement of Net Position consists of the TCDRS pension deferred outflow of \$478,789 (see note 4.B.) and the TCDRS OPEB deferred outflow of \$39,242 (see note 4.C.).

Deferred inflows on the Statement of Net Position consists of the TCDRS pension deferred outflow of \$1,348,650 (see note 4.B.) and the TCDRS OPEB deferred outflow of \$2,746 (see note 4.C.).

Governmental funds reported Deferred Inflows of Resources – Unavailable Revenues in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also reported Unearned Revenue or deferred revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, Unavailable and Unearned Revenues reported in the governmental funds were as follow:

	Unearned Revenue	Unavailable Revenue
General Fund -		
Unavailable Revenue - Property Taxes		\$ 2,993,163
Unearned Revenue	\$ 465,853	
Special Revenue Farm to Market Road Fund -		
Unavailable Revenue - Property Taxes		554,732
Unearned Revenue	81,313	
Debt Service Fund -		
Unavailable Revenue - Property Taxes		134,441
Unearned Revenue	18,325	
Other Governmental Funds -		
Unavailable Revenue - Property Taxes		
Unearned Revenue	274,568	
TOTAL UNAVAILABLE AND UNEARNED REVENUES	\$ 840,059	\$ 3,682,336

Unspent U.S Department of Treasury State and Local Fiscal Recovery funds in the amount of \$274,568 are classified as unearned revenue in the American Rescue Plan Fund. The funds are for response to the COVID-19 public health emergency.

3.E. PERMANENT SCHOOL FUND

The Schleicher County Permanent School Fund was established by the State statute to receive and disburse funds earned from State lands and other investments granted to the County for educational purposes. Administration of the Fund vests in the office of the County Judge. The mineral rights owned by the Fund were patented to Schleicher County by certificate issued by the Commissioner of the General Land Office.

At December 31, 2022, the carrying amount of the Fund's deposits was \$132,887. The Fund's deposits held at First National Bank of Eldorado at December 31, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments of the Fund consisted of the following:

Name	Credit Rating	Fair Value	Fair Value Measurements	
			Level 1 Inputs	Level 2 Inputs
<u>Investments measured at amortized cost</u>				
<u>Local Government Investment Pools</u>				
TexStar	AAAm	\$ 46,476	\$ 46,476	\$ *
<u>Investments by fair value level</u>				
Money Market Mutual Fund	AAAm	\$ 115,917	\$ 115,917	\$ -
U.S. Treasury Notes	AAA	\$ 976,855	\$ 976,855	\$ -
U.S Agency Bonds	AAA/AA+	\$ 1,452,700	\$ -	\$ 1,452,700
Certificates of Deposit		\$ 239,065	\$ 239,065	\$ -

* The Texas Short Term Asset Reserve Program ("TexSTAR") portfolio is managed by J.P. Morgan Chase Bank, N.A., and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR. The only source of payment to the Participants are the assets of TexSTAR. There is no secondary source of payment for the pools such as insurance or guarantee. On December 31, 2021, TexSTAR's weighted average of maturity was 38 days and the net asset value was \$1.000165.

3.F. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2022.

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 232,960	\$	\$	\$ 232,960
Buildings & Improvements	4,955,072			4,955,072
Infrastructure	574,901			574,901
Machinery & Equipment	890,378	213,010		1,103,388
Vehicles	2,499,854	204,793	(96,819)	2,607,828
Construction Work in Progress	81,765	520,906		602,671
Totals at Historic Cost	\$ 9,234,930	\$ 938,709	\$ (96,819)	\$ 10,076,820
Less Accumulated Depreciation for:				
Buildings & Improvements	3,497,730	73,930		3,571,660
Infrastructure	105,801	28,245		134,046
Machinery & Equipment	496,386	80,112		576,498
Vehicles	2,064,743	143,315	(96,819)	2,111,239
Total Accumulated Depreciation	\$ 6,164,660	\$ 325,602	\$ (96,819)	\$ 6,393,443
Total Capital Assets being Depreciated, Net	<u>3,070,270</u>	<u>613,107</u>	<u>-</u>	<u>3,683,377</u>
Right-to-Use Lease Assets being Amortized				
Equipment	\$ 12,573	\$	\$	\$ 12,573
Total Right-to-Use Lease Assets	\$ 12,573	\$ -	\$ -	\$ 12,573
Less Accumulated Amortization for:				
Equipment	\$ -	\$ 4,467	\$	\$ 4,467
Total Accumulated Amortization	\$ -	\$ 4,467	\$ -	\$ 4,467
Total Right-to-Use Assets being Amortized, Net	<u>12,573</u>	<u>(4,467)</u>	<u>-</u>	<u>8,106</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,082,843</u>	<u>\$ 608,640</u>	<u>\$ -</u>	<u>\$ 3,691,483</u>

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

County Judge	\$	12,122
County Attorney		7,386
County & District Clerk		13,326
County Treasurer		10,653
County Tax-Assessor-Collector		9,182
Justice of the Peace		10,460
Sheriff		69,550
Cemetery		4,344
Courthouse		10,636
Courthouse Annex		382
County Commissioners		8,618
County Agent		2,187
Road & Bridge		94,159
Memorial Building		936
Community Resources		8,123
Fire & Emergency Management Services		25,187
Airport		5,615
District Court		2,988
County & J.P. Court		102
Elections		1,799
Golf Course		811
Park		30
Pool		2,572
Rodeo Arena		421
Jury Fees		40
Community Action Council		16
Non-Departmental		<u>23,957</u>
Total Depreciation Expense	\$	<u>325,602</u>

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

Non-Departmental		<u>4,467</u>
Total Amortization Expense	\$	<u>4,467</u>

3.G. LONG-TERM LIABILITIES

As of December 31, 2022, the governmental long-term debt consisted of the following:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Refunding Bonds, Series 2017	\$ 602,000	\$ -	\$ 119,000	\$ 483,000	\$ 117,000
Finance Purchase Payable	-	29,530	-	29,530	9,372
Right-to-Use Lease Liability	12,573	-	4,461	8,112	3,740
OPEB Liability	<u>174,821</u>	<u>13,738</u>	<u>-</u>	<u>188,559</u>	<u>-</u>
TOTAL	\$ <u>614,573</u>	\$ <u>29,530</u>	\$ <u>123,461</u>	\$ <u>520,642</u>	\$ <u>130,112</u>

Bonds Payable

On August 14, 2017, the County authorized the issuance of \$1,057,000 Schleicher County, Texas General Obligation Refunding Bonds, Series 2017 for the purposes of refunding the Certificate of Obligation, Series 2011 issue. The bonds have an original issue date of September 12, 2017 and shall have semiannual interest payments due each June 1 and December 1 commencing December 1, 2017. Principal payments in varying amounts will be due annually on June 1 beginning June 1, 2018 and ending June 1, 2026.

Interest rates on the bonds are at a fixed rate of 2.120% over the life of the issue. The bonds issue required the county to maintain a fund for the proceeds and earnings of the bonds and an interest and sinking fund for the repayment of the bonds. The bonds are secured by taxes levied. The refunding issue resulted in a cash savings of \$67,830 over the life of the issue. This is because of the reduced rate the County was able to obtain with the refunding issue.

The annual debt service requirements are as follows:

December 31	Principal	Interest	Total
2023	117,000	8,999	125,999
2024	120,000	6,487	126,487
2025	122,000	3,922	125,922
2026	<u>124,000</u>	<u>1,314</u>	<u>125,314</u>
	<u>\$ 483,000</u>	<u>\$ 20,722</u>	<u>\$ 378,408</u>

Finance Purchase Payable

In October 2022, the County entered into two finance purchase agreements with American National Leasing Company for two Chevrolet Tahoes. Both finance contracts are due in annual installments of \$5,417 until 10/17/2025, with an interest rate of 4.95%.

Annual requirements on the finance purchases are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	9,372	1,462	10,834
2024	9,834	1,000	10,834
2025	10,324	512	10,836
	<u>\$ 29,530</u>	<u>\$ 2,974</u>	<u>\$ 32,504</u>

Right-to-Use Leases Payable

The County entered into multiple agreements that are considered “right-to-use” leases. These leases are for County equipment.

Annual Requirements to amortize right-to-use leases payable and related interest are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	3,740	35	3,775
2024	2,275	20	2,295
2025	2,097	6	2,103
	<u>\$ 8,112</u>	<u>\$ 61</u>	<u>\$ 8,173</u>

3.H. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	<u>Due From</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Road & Bridge Fund	\$ 19,613	
Custodial Funds		19,613
	<u>\$ 19,613</u>	<u>19,613</u>

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

The composition of interfund transfers for the year ended December 31, 2022 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 490,000
Road & Bridge Fund	10,000	-
Farm to Market Road Fund	40,000	
Nonmajor Funds	440,000	
	<u>\$ 490,000</u>	<u>490,000</u>

Transfers are used to 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.

NOTE 4 - OTHER NOTES

4.A. RISK MANAGEMENT

The 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 has elected to participate in a shared risk pool along with a number of other rural Texas counties and other government organizations of all of these risks. The County makes regular payment to the West Texas Rural Counties Association (the Association) in amounts that would be comparable to the premiums that would be paid to a commercial insurance carrier. The Association has obtained catastrophic stop-loss coverage for risks covered in its liability and other insurance fund. Within the liability pool, disbursements are allocated among the counties based on comparison of the counties to each other. All members pay their own claims, up to this allocated amount for the year, once a member meets that limit, all pools members share in any excess claims up to the point that the specific stop-loss coverage takes over.

4.B. RETIREMENT PLAN

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

- a. Schleicher 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 100%) 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 Jan. 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 Schleicher County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2021 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [TCDRS.org/Employer](https://www.tcdrs.org/Employer).

Members covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	36
Active employees	48
	<hr/>
	119

Contributions

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

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

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

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

The contribution rate payable by the employee members for calendar year 2021 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended December 31, 2022 were \$177,635, and were equal to the required contributions and included an ad hoc payment of \$50,000.

Net Pension Liability

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

Actuarial assumptions:

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

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial Cost Method	Entry Age (level percent of pay) ⁽¹⁾
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	

Smooth period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% 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 Schleicher 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	Pub-2010 Mortality Tables
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of : a) age 60, b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Adjustment for Plans with the Partial-Lump Sumu Payment Option (Liability and Normal Cost)	Same as funding valuation. For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World Ex USA (net)	5.00%	3.80%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S & P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

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

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

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

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

In order to determine the discount rate to be used by the employer TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3 The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to project benefits payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments.

Changes in Net Pension Liability/ (Asset)

	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2020	\$ 9,633,239	\$ 9,214,539	\$ 418,700
Changes for the year:			
Service cost	180,137		180,137
Interest on total pension liability ⁽¹⁾	718,732		718,732
Effect of plan changes ⁽²⁾	-		-
Effects of economic/demographic gains or losses	19,343		19,343
Effect of assumptions changes or inputs	(115,248)		(115,248)
Refund of contributions	(12,352)	(12,352)	-
Benefit payments	(713,687)	(713,687)	-
Administrative expenses		(5,814)	5,814
Member contributions		109,649	(109,649)
Net investment income		1,974,932	(1,974,932)
Employer contributions		189,649	(189,649)
Other ⁽³⁾	-	(9,552)	9,552
Balances as of December 31, 2021	\$ 9,710,164	\$ 10,747,364	\$ (1,037,198)

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

⁽²⁾ No plan changes valued.

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

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the Schleicher 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	\$10,744,792	\$ 9,710,164	\$ 8,822,491
Fiduciary net position	10,747,362	10,747,362	10,747,362
Net pension liability/(asset)	\$ (2,570)	\$ (1,037,198)	\$ (1,924,871)

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

For the year ended December 31, 2022 the County's pension income was \$118,380.

	<u>January 1, 2021 to December 31, 2021</u>
Prepaid Expense / (Income)	
Service cost	\$ 180,137
Interest on total pension liability ⁽¹⁾	718,732
Effect of plan changes	-
Administrative expenses	5,814
Member contributions	(109,649)
Expected investment return net of investment expenses	(683,812)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	38,820
Recognition of assumption changes or inputs	93,831
Recognition of investment gains or losses	(371,806)
Other ⁽²⁾	<u>9,552</u>
Pension expense/ (income)	\$ (118,380)

⁽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:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 77,542
Changes of assumptions	86,436	223,613
Net difference between projected and actual earnings	1,262,214	-
Contributions made subsequent to measurement date ⁽³⁾	-	177,634

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

Year ended December 31:	
2022	\$ (140,898)
2023	(323,555)
2024	(324,819)
2025	(258,223)
2026	-
Thereafter ⁽⁴⁾	-

⁽³⁾ Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end are shown as deferred outflows on the financial statements.

⁽⁴⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Payables to the pension plan. None as of December 31, 2022.

4.C. GROUP TERM LIFE FUND

Plan Description

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

- a. Schleicher County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, 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 and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
 - 2) The plan provides a \$5,000 post-retirement death benefit to beneficiaries to services retirees and disability retirees of employers that have elected participation in the retiree GTL program.
 - 3) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 - 4) No future increases are assumed in the \$5,000 benefit amount.
 - 5) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
- e. Benefits terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The county's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

Members covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	8
Active employees	48
	88

*"Receiving Benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

Contributions

Employers in the TCDRS Group Term Life (GTL) Program make a combined contribution for both active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree coverage are included under GASB 75. For GASB 75 purposes, the employer's benefit payments for the year are treated as begin equal to its annual retiree GTL contributions.

The following table shows a breakdown of the employer's contributions to the GTL program for the calendar year 2021. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments used to calculate changes in total OPEB liability. The contributions for active coverage are not considered an OPEB benefit under GASB 75.

Coverage Type	2021 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.26%	4,073	No change from prior year
Retiree GTL Benefit	0.43%	6,736	GASB 75

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 December 31, 2022 were \$9,682, and were equal to the required contributions.

Total OPEB Liability

The County's Total OPEB Liability (NPL) was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability as of December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis 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 Salary
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	Does not apply
Inflation	Does not apply
Salary Increases	Salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	2.06% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2021.
Cost of Living Adjustments	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	Pub- 2010 Mortality Tables
Retirement	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility ** For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Other Termination of Employment	For non-depositing members who are not vested, 100% are assumed to elect a withdrawal. No termination after eligibility for retirement is assumed.

Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives

and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on a 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.06% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2021.

Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balances as of December 31, 2020	\$ 174,821
Changes for the year:	
Service Cost	5,051
Interest on total OPEB liability ⁽¹⁾	3,742
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic experience	1,345
Effect of assumptions changes or inputs ⁽³⁾	3,600
Benefit payments	(6,736)
Other	-
Balance as of December 31, 2021	\$ <u>181,823</u>

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

⁽²⁾ No plan changes are valued.

⁽³⁾ Reflects change in discount rate.

Sensitivity Analysis

The following presents the Total OPEB liability of the employer, calculated using the discount rate of 2.06%, as well as what the Schleicher County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.06%) or 1 percentage point higher (3.06%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB Liability	\$ 214,210	\$ 181,823	\$ 156,117

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 411	\$ 3,263
Changes of assumptions	2,335	24,472
Contributions made subsequent to measurement date		11,507

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

Year ended December 31	
2022	\$ 9,544
2023	10,324
2024	4,132
2025	989
2026	-
Thereafter ⁽¹⁾	-

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

Payables to the OPEB plan. None as of December 31, 2022.

4.D. DEFERRED COMPENSATION PLAN

The County offers all its employees deferred compensation programs through Security Benefit. The plan, 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 plans, 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 December 31, 2022, the participants had balances of \$622,030 in Security Benefit.

4.E. HEALTH INSURANCE

All regular full-time employees of the County are eligible for coverage under the group hospitalization, medical, dental and life insurance program provided by the County. The County pays the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

4.F. CONTINGENT LIABILITIES

Amounts received 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 disbursements which may be disallowed by the grantor agency cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

4.G. RELATED PARTY

In the ordinary course of business, the County has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the County.

4.H. TAX ABATEMENT AGREEMENTS

The Governmental Accounting Standards Board issued Statement 77, *Tax Abatement Disclosures* (GASB 77). The standard required local governments for the first time to disclose information about tax abatement agreements for reporting period beginning after December 15, 2015. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government's tax receipts.

In June of 2019, the County created the Schleicher County Reinvestment Zone No. 3- Langford pursuant to Chapter 312 of the Texas Property Code. The County entered into a tax abatement agreement with Langford Wind Power, LLC in June, 2020. The period in which taxes are abated will begin on the Commencement Date and will terminate on December 31 of the tenth (10th) year following the Commencement Date, unless sooner terminated in accordance with the terms of this agreement. As consideration for the abatement granted by the County, the owner agrees to make an annual payment in lieu of taxes (PILOT) which must be paid to the County by December 31. The amount of annual PILOT will be obtained by multiplying the number of megawatts of installed rated electrical generating capacity by \$1,350. The County received PILOT payments in the amount of \$35,000 for the year ended December 31, 2022.

In July of 2021, the County created the Schleicher County Reinvestment Zone Young Solar pursuant to Chapter 312 of the Texas Property Tax Code. The County entered into a tax abatement agreement with Bridgelink Cave Springs, LLC in July, 2021. The period in which taxes are abated will begin on March 31, 2024. As consideration for the abatement granted by the County, the owner agrees to pay to the County the annual sum of \$111,600 as an annual PILOT payment for a minimum installed capacity of 120MW installed in Schleicher County, or \$930 per megawatt. The County anticipates receiving its first annual PILOT payment by December 31, 2024.

The Chief Appraiser of the Appraisal District shall annually determine the Certified Appraised Value of all real and personal property making up the facilities without regard to the abatement granted by this agreement and the Certified Appraised Value of such property after applying the abatement grant by this Agreement. The Chief Appraiser shall then record both values in the appraisal records. The value of the facilities without regard to the abatement shall be used to compute the amount of abated taxes that are required to be recaptured and paid to the County in the event of such taxes is required by the agreement or applicable law.

4.I. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures in the General Fund exceed the budget appropriations in four functions but not in total.

4.J. ADOPTION OF NEW GASB STANDARD

During 2022, the County adopted GASB Statement No.87 *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principles that leases are financings of the right to use an underlying asset. The Statement requires the recognition of certain lease assets and liabilities that were previously classified as operating leases and recognized as inflows of resources based on the payment provisions of the contract.

4.K. SUBSEQUENT EVENTS

The County has evaluated subsequent events through December 7, 2023, 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

SCHLEICHER COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 3,030,626	\$ 3,249,590	\$ 3,093,195	\$ (156,395)
General Sales and Use Taxes	80,000	90,000	116,171	26,171
Other Taxes	37,060	37,060	35,000	(2,060)
Intergovernmental Revenue and Grants	61,200	261,200	258,618	(2,582)
Charges for Services	74,070	104,812	91,721	(13,091)
Investment Earnings	6,000	6,000	14,159	8,159
Rents and Royalties	5,500	4,050	1,553	(2,497)
Contributions & Donations from Private Sources	-	-	30	30
Other Revenue	4,792	4,200	6,116	1,916
Total Revenues	3,299,248	3,756,912	3,616,563	(140,349)
EXPENDITURES:				
County Judge	163,019	177,615	160,778	16,837
County Attorney	127,915	125,695	116,311	9,384
County & District Clerk	201,759	217,171	198,901	18,270
County Treasurer	161,971	167,849	167,760	89
County Tax Assessor-Collector	148,193	153,621	141,302	12,319
Justice of the Peace	140,221	140,040	141,173	(1,133)
Sheriff	948,798	998,377	936,620	61,757
Operation Lone Star	-	200,000	188,675	11,325
Cemetery	81,458	86,296	68,231	18,065
Courthouse	150,788	164,461	170,076	(5,615)
Courthouse Annex	8,050	8,850	5,676	3,174
County Agent	39,143	42,414	33,055	9,359
Fire & Emergency Management Services	29,000	34,900	29,328	5,572
District Court	49,768	64,021	43,142	20,879
County & J.P. Court	7,950	7,950	1,600	6,350
Elections	88,477	38,168	24,793	13,375
Golf Course	13,000	15,000	12,754	2,246
Park	1,600	4,400	455	3,945
Pool	40,077	47,577	39,979	7,598
Rodeo Arena	10,000	12,000	6,300	5,700
Jury Fees	6,100	6,100	636	5,464
Library	65,000	-	-	-
Community Action Council	6,700	6,700	245	6,455
Non-Departmental	810,261	546,907	237,182	309,725
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	4,461	(4,461)
Interest on Debt and Right-to-Use Leases	-	-	54	(54)
Total Expenditures	3,299,248	3,266,112	2,729,487	536,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	490,800	887,076	396,276
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	27,500	27,500
Noncurrent Loans	-	-	29,530	29,530
Transfers Out	-	(485,800)	(490,000)	(4,200)
Total Other Financing Sources (Uses)	-	(485,800)	(432,970)	52,830

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

SCHLEICHER COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
Net Change in Fund Balances	-	5,000	454,106	449,106
Fund Balance - January 1 (Beginning)	1,590,504	1,590,504	1,590,504	-
Fund Balance - December 31 (Ending)	\$ 1,590,504	\$ 1,595,504	\$ 2,044,610	\$ 449,106

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Licenses and Permits	\$ 230,000	\$ 225,000	\$ 234,017	\$ 9,017
Charges for Services	186,000	165,000	123,540	(41,460)
Investment Earnings	500	500	3,881	3,381
Other Revenue	10,000	10,000	-	(10,000)
Total Revenues	426,500	400,500	361,438	(39,062)
EXPENDITURES:				
County Judge	656,000	615,500	517,863	97,637
Total Expenditures	656,000	615,500	517,863	97,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229,500)	(215,000)	(156,425)	58,575
OTHER FINANCING SOURCES (USES):				
Transfers In	229,500	215,000	-	(215,000)
Transfers Out	-	-	10,000	10,000
Total Other Financing Sources (Uses)	229,500	215,000	10,000	(205,000)
Change in Fund Balance	-	-	(146,425)	(146,425)
Fund Balance - January 1 (Beginning)	519,140	519,140	519,140	-
Fund Balance - December 31 (Ending)	\$ 519,140	\$ 519,140	\$ 372,715	\$ (146,425)

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

SCHLEICHER COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
A. Total Pension Liability			
Service Cost	\$ 180,137	\$ 157,420	\$ 153,497
Interest (on the Total Pension Liability)	718,732	708,025	688,221
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	19,343	92,233	67,672
Changes of Assumptions	(115,248)	447,227	-
Benefit Payments, Including Refunds of Employee Contributions	(726,039)	(697,019)	(641,690)
Net Change in Total Pension Liability	\$ 76,925	\$ 707,886	\$ 267,700
Total Pension Liability - Beginning	9,633,239	8,925,353	8,657,654
Total Pension Liability - Ending	\$ 9,710,164	\$ 9,633,239	\$ 8,925,354
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 189,649	\$ 144,154	\$ 188,898
Contributions - Employee	109,649	110,154	103,858
Net Investment Income	1,974,932	905,201	1,289,182
Benefit Payments, Including Refunds of Employee Contributions	(726,039)	(697,019)	(641,690)
Administrative Expense	(5,814)	(6,742)	(6,684)
Other	(9,552)	(12,232)	(10,723)
Net Change in Plan Fiduciary Net Position	\$ 1,532,825	\$ 443,516	\$ 922,841
Plan Fiduciary Net Position - Beginning	9,214,539	8,771,023	7,848,183
Plan Fiduciary Net Position - Ending	\$ 10,747,364	\$ 9,214,539	\$ 8,771,024
C. Net Pension Liability (Asset)	\$ (1,037,200)	\$ 418,700	\$ 154,330
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.68%	95.65%	98.27%
E. Covered Payroll	\$ 1,566,409	\$ 1,573,623	\$ 1,483,688
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	(66.22%)	26.61%	10.40%

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

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

FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 154,375	\$ 160,737	\$ 190,141	\$ 170,570	\$ 196,774
674,979	656,912	626,376	596,418	559,667
-	-	-	(17,384)	-
(22,926)	(1,310)	41,827	9,399	34,408
-	54,188	-	84,382	-
(642,428)	(639,874)	(461,332)	(439,668)	(277,733)
\$ 164,000	\$ 230,653	\$ 397,012	\$ 403,717	\$ 513,116
8,493,654	8,263,000	7,865,989	7,462,271	6,949,156
\$ 8,657,654	\$ 8,493,653	\$ 8,263,001	\$ 7,865,988	\$ 7,462,272
\$ 127,150	\$ 100,335	\$ 126,557	\$ 228,437	\$ 228,180
99,190	100,335	110,737	111,823	113,497
(161,959)	1,126,798	544,813	(18,508)	490,494
(642,428)	(639,874)	(461,332)	(439,668)	(277,733)
(6,304)	(5,616)	(5,938)	(5,340)	(5,524)
(11,546)	(5,940)	79,219	42,369	26,733
\$ (595,897)	\$ 676,038	\$ 394,056	\$ (80,887)	\$ 575,647
8,444,080	7,768,041	7,373,986	7,454,872	6,879,227
\$ 7,848,183	\$ 8,444,079	\$ 7,768,042	\$ 7,373,985	\$ 7,454,874
\$ 809,471	\$ 49,574	\$ 494,959	\$ 492,003	\$ 7,398
90.65%	99.42%	94.01%	93.75%	99.90%
\$ 1,417,005	\$ 1,433,354	\$ 1,581,960	\$ 1,597,471	\$ 1,621,385
57.13%	3.46%	31.29%	30.80%	0.46%

SCHLEICHER COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2022

	2022	2021	2020
Actuarially Determined Contribution	\$ 109,649	\$ 109,996	\$ 103,898
Contributions in Relation to the Actuarially Determined Contributions	189,649	144,154	188,898
Contribution Deficiency (Excess)	\$ (80,000)	\$ (34,158)	\$ (85,000)
Covered Employee Payroll	\$ 1,566,409	\$ 1,573,623	\$ 1,483,688
Contributions as a Percentage of Covered Employee Payroll	12.10%	9.20%	12.70%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

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

	2019	2018	2017	2016	2015	2014	2013
\$	99,049	\$ 90,588	\$ 121,336	\$ 120,290	\$ 128,180	\$ 120,610	173,555
	127,150	100,335	126,557	228,437	228,180	120,610	173,555
\$	(28,101)	\$ (9,747)	\$ (5,221)	\$ (108,147)	\$ (100,000)	- \$	-
\$	1,417,005	\$ 1,433,354	\$ 1,581,960	\$ 1,597,471	\$ 1,621,385	\$ 1,672,810	1,553,752
	9.00%	7.00%	8.00%	14.30%	14.10%	7.20%	11.20%

SCHLEICHER COUNTY, TEXAS
 NOTES TO THE SCHEDULE OF CONTRIBUTIONS
 DECEMBER 31, 2022

Valuation Date:

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

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

SCHLEICHER COUNTY, TEXAS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
Total OPEB Liability			
Service Cost	\$ 5,051	\$ 4,547	\$ 2,879
Interest on the Total OPEB Liability	3,742	4,336	5,100
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	1,345	(685)	3,473
Changes of Assumptions	3,600	16,396	27,496
Benefit Payments*	(6,736)	(6,924)	(6,528)
Net Change in Total OPEB Liability	7,002	17,670	32,420
Total OPEB Liability - Beginning	174,821	157,151	124,731
Total OPEB Liability - Ending	\$ 181,823	\$ 174,821	\$ 157,151
Covered Payroll	\$ 1,566,409	\$ 1,573,623	\$ 1,483,688
Total OPEB Liability as a Percentage of Covered Payroll	11.61%	11.11%	10.59%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

<u>FY 2019</u>		<u>FY 2018</u>	
<u>Plan Year 2018</u>		<u>Plan Year 2017</u>	
\$	3,515	\$	3,113
	4,584		4,621
	-		-
	1,358		3,174
	(11,679)		4,530
	(5,526)		(4,157)
	<u>(7,748)</u>		<u>11,281</u>
	132,479		121,198
\$	<u>124,731</u>	\$	<u>132,479</u>
\$	1,417,005	\$	1,433,354
	8.80%		9.24%

SCHLEICHER COUNTY, TEXAS
 NOTES TO THE SCHEDULE OF CHANGES IN THE
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 DECEMBER 31, 2022

Valuation Date:

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 Percent of Salary
Amortization Method	
Recognition of economic/ Demographic gains or loss	Straight-Line amortization over Expected Working Life
Recognition of assumptions Changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	2.06% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2021.
Cost-of-Living Adjustment	Does not apply
Disability	Member who become disabled are eligible to commence benefit payments regardless of age.
Mortality	Pub-2010 Healthy Annuitant Mortality Tables
Retirement	Deferred members are assumed to retire (100% probability at the later of: a) age 60 b) earliest retirement eligibility
Other Termination of Employment	The rate of assumed future termination from active participation in the plan vary. No termination after eligibility for retirement is assumed.

SUPPLEMENTARY INFORMATION

SCHLEICHER COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2022

	Sheriff Seizure Fund	Records Management Fund	Courthouse Security Fund
ASSETS			
Cash and Cash Equivalents	\$ 8,541	\$ 72,059	\$ 8,816
Investments - Current	537,626	-	-
Interest Receivable - investments	-	-	-
Due from Other Governments	-	-	-
Prepaid Items	-	-	-
Total Assets	<u>\$ 546,167</u>	<u>\$ 72,059</u>	<u>\$ 8,816</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	3
Unearned Revenues	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>3</u>
FUND BALANCES			
Nonspendable Fund Balance:			
Prepaid Items	-	-	-
Restricted Fund Balance:			
Federal or State Funds Grant Restriction	-	-	-
Restricted for Special Revenue	546,167	72,059	8,813
Committed Fund Balance:			
Construction	-	-	-
Other Committed Fund Balance	-	-	-
Total Fund Balances	<u>546,167</u>	<u>72,059</u>	<u>8,813</u>
Total Liabilities and Fund Balances	<u>\$ 546,167</u>	<u>\$ 72,059</u>	<u>\$ 8,816</u>

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

Abandoned Property Fund	Memorial & Civic Bldg Fund	Health & Emergency Services	Justice of the Peace Admin	Road & Bridge Special	Community Resources Program	HAVA Grant Fund	County & District Crt Tech Fund
\$ -	\$ 96,179	\$ 38,591	\$ 37,644	\$ -	\$ 40,096	\$ -	\$ -
-	-	361,236	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	7,712	-	-	-	-	-
-	-	-	-	-	17,400	-	-
<u>\$ -</u>	<u>\$ 96,179</u>	<u>\$ 407,539</u>	<u>\$ 37,644</u>	<u>\$ -</u>	<u>\$ 57,496</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	245	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	17,400	-	-
-	-	-	-	-	-	-	-
-	96,179	407,539	37,399	-	40,096	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>96,179</u>	<u>407,539</u>	<u>37,399</u>	<u>-</u>	<u>57,496</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 96,179</u>	<u>\$ 407,539</u>	<u>\$ 37,644</u>	<u>\$ -</u>	<u>\$ 57,496</u>	<u>\$ -</u>	<u>\$ -</u>

SCHLEICHER COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2022

	American Rescue Plan 2021 Fund	Capital Credits Fund	Local Truancy Prev. & Div.	Jury Fund
ASSETS				
Cash and Cash Equivalents	\$ 13,118	\$ 22,302	\$ 7,746	\$ 369
Investments - Current	264,397	556,441	-	-
Interest Receivable - investments	-	-	-	-
Due from Other Governments	-	-	-	-
Prepaid Items	1,450	-	-	-
Total Assets	<u>\$ 278,965</u>	<u>\$ 578,743</u>	<u>\$ 7,746</u>	<u>\$ 369</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Unearned Revenues	274,568	-	-	-
Total Liabilities	<u>274,568</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Prepaid Items	1,450	-	-	-
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	2,947	-	-	-
Restricted for Special Revenue	-	578,743	7,746	369
Committed Fund Balance:				
Construction	-	-	-	-
Other Committed Fund Balance	-	-	-	-
Total Fund Balances	<u>4,397</u>	<u>578,743</u>	<u>7,746</u>	<u>369</u>
Total Liabilities and Fund Balances	<u>\$ 278,965</u>	<u>\$ 578,743</u>	<u>\$ 7,746</u>	<u>\$ 369</u>

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

Lateral Road Fund	Justice Court Tech Fund	Airport Fund	Hot Check Fund	Contingency Fund	Grant Fund	Equip Repairs & Maint Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 7,547	\$ 42,179	\$ 9,597	\$ 41,996	\$ 60,758	\$ -	\$ 507,538
-	-	-	-	494,120	-	-	2,213,820
-	-	-	-	13,719	-	-	13,719
-	-	-	-	-	-	-	7,712
-	-	-	-	-	-	-	18,850
<u>\$ -</u>	<u>\$ 7,547</u>	<u>\$ 42,179</u>	<u>\$ 9,597</u>	<u>\$ 549,835</u>	<u>\$ 60,758</u>	<u>\$ -</u>	<u>\$ 2,761,639</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,613	\$ -	\$ 23,613
-	-	-	-	-	-	-	248
-	-	-	-	-	-	-	274,568
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,613</u>	<u>-</u>	<u>298,429</u>
-	-	-	-	-	-	-	18,850
-	-	-	-	-	37,145	-	40,092
-	7,547	42,179	9,597	-	-	-	1,854,433
-	-	-	-	-	-	-	-
-	-	-	-	549,835	-	-	549,835
<u>-</u>	<u>7,547</u>	<u>42,179</u>	<u>9,597</u>	<u>549,835</u>	<u>37,145</u>	<u>-</u>	<u>2,463,210</u>
<u>\$ -</u>	<u>\$ 7,547</u>	<u>\$ 42,179</u>	<u>\$ 9,597</u>	<u>\$ 549,835</u>	<u>\$ 60,758</u>	<u>\$ -</u>	<u>\$ 2,761,639</u>

SCHLEICHER COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2022

	Courtroom Building Fund	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 3,164	\$ 510,702
Investments - Current	992,138	3,205,958
Interest Receivable - investments	38,230	51,949
Due from Other Governments	-	7,712
Prepaid Items	-	18,850
Total Assets	<u>\$ 1,033,532</u>	<u>\$ 3,795,171</u>
LIABILITIES		
Accounts Payable	\$ -	\$ 23,613
Wages and Salaries Payable	-	248
Unearned Revenues	-	274,568
Total Liabilities	<u>-</u>	<u>298,429</u>
FUND BALANCES		
Nonspendable Fund Balance:		
Prepaid Items	-	18,850
Restricted Fund Balance:		
Federal or State Funds Grant Restriction	-	40,092
Restricted for Special Revenue	-	1,854,433
Committed Fund Balance:		
Construction	1,033,532	1,033,532
Other Committed Fund Balance	-	549,835
Total Fund Balances	<u>1,033,532</u>	<u>3,496,742</u>
Total Liabilities and Fund Balances	<u>\$ 1,033,532</u>	<u>\$ 3,795,171</u>

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

SCHLEICHER COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Sheriff Seizure Fund	Records Management Fund	Courthouse Security Fund
REVENUES:			
Taxes:			
General Sales and Use Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-
Charges for Services	-	15,087	5,280
Investment Earnings	9,325	-	-
Rents and Royalties	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>9,325</u>	<u>15,087</u>	<u>5,280</u>
EXPENDITURES:			
County Judge:			
County & District Clerk	-	2,775	-
Justice of the Peace	-	-	-
Sheriff	23,186	-	-
Road & Bridge	-	-	-
Memorial Building	-	-	-
Community Resources	-	-	-
Fire & Emergency Management Services	-	-	-
Airport	-	-	-
District Court	-	-	3,915
Elections	-	-	-
Non-Departmental	-	-	-
Total Expenditures	<u>23,186</u>	<u>2,775</u>	<u>3,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,861)</u>	<u>12,312</u>	<u>1,365</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(13,861)	12,312	1,365
Fund Balance - January 1 (Beginning)	<u>560,028</u>	<u>59,747</u>	<u>7,448</u>
Fund Balance - December 31 (Ending)	<u>\$ 546,167</u>	<u>\$ 72,059</u>	<u>\$ 8,813</u>

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

Abandoned Property Fund	Memorial & Civic Bldg Fund	Health & Emergency Services	Justice of the Peace Admin	Road & Bridge Special	Community Resources Program	HAVA Grant Fund	County & District Crt Tech Fund
\$ -	\$ -	\$ 113,678	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	5,125	-	17,108	-	-	-	133
-	-	5,555	-	-	-	-	-
-	-	-	-	-	-	-	-
-	250	-	9	-	-	-	-
-	<u>5,375</u>	<u>119,233</u>	<u>17,117</u>	-	-	-	<u>133</u>
-	-	-	-	-	-	-	798
-	-	-	26,002	-	-	-	-
-	-	-	-	-	-	-	-
-	14,174	-	-	-	-	-	-
-	-	-	-	-	110,529	-	-
-	-	97,800	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,745	-
-	<u>14,174</u>	<u>97,800</u>	<u>26,002</u>	-	<u>110,529</u>	<u>2,745</u>	<u>798</u>
-	<u>(8,799)</u>	<u>21,433</u>	<u>(8,885)</u>	-	<u>(110,529)</u>	<u>(2,745)</u>	<u>(665)</u>
-	<u>50,000</u>	-	-	-	<u>140,000</u>	-	-
-	<u>50,000</u>	-	-	-	<u>140,000</u>	-	-
-	41,201	21,433	(8,885)	-	29,471	(2,745)	(665)
-	<u>54,978</u>	<u>386,106</u>	<u>46,284</u>	-	<u>28,025</u>	<u>2,745</u>	<u>665</u>
<u>\$ -</u>	<u>\$ 96,179</u>	<u>\$ 407,539</u>	<u>\$ 37,399</u>	<u>\$ -</u>	<u>\$ 57,496</u>	<u>\$ -</u>	<u>\$ -</u>

SCHLEICHER COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	American Rescue Plan 2021 Fund	Capital Credits Fund	Local Truancy Prev. & Div.	Jury Fund
REVENUES:				
Taxes:				
General Sales and Use Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	267,940	-	-	-
Charges for Services	-	-	3,340	266
Investment Earnings	4,397	6,441	-	-
Rents and Royalties	-	-	-	-
Other Revenue	-	293,024	-	-
Total Revenues	<u>272,337</u>	<u>299,465</u>	<u>3,340</u>	<u>266</u>
EXPENDITURES:				
County Judge:				
County & District Clerk	-	-	-	-
Justice of the Peace	-	-	-	-
Sheriff	-	-	-	-
Road & Bridge	-	-	-	-
Memorial Building	-	-	-	-
Community Resources	-	-	-	-
Fire & Emergency Management Services	267,940	-	-	-
Airport	-	-	-	-
District Court	-	-	-	-
Elections	-	-	-	-
Non-Departmental	-	-	-	-
Total Expenditures	<u>267,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,397</u>	<u>299,465</u>	<u>3,340</u>	<u>266</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	4,397	299,465	3,340	266
Fund Balance - January 1 (Beginning)	<u>-</u>	<u>279,278</u>	<u>4,406</u>	<u>103</u>
Fund Balance - December 31 (Ending)	<u>\$ 4,397</u>	<u>\$ 578,743</u>	<u>\$ 7,746</u>	<u>\$ 369</u>

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

Lateral Road Fund	Justice Court Tech Fund	Airport Fund	Hot Check Fund	Contingency Fund	Grant Fund	Equip Repairs & Maint Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,678
13,940	-	163,794	-	-	28,412	-	474,086
-	2,899	-	500	-	-	-	49,738
-	-	-	-	6,036	-	-	31,754
-	-	5,124	-	-	-	-	5,124
-	-	85,906	-	-	-	-	379,189
<u>13,940</u>	<u>2,899</u>	<u>254,824</u>	<u>500</u>	<u>6,036</u>	<u>28,412</u>	<u>-</u>	<u>1,053,569</u>
-	-	-	-	-	-	-	3,573
-	-	-	-	-	-	-	26,002
-	-	-	-	-	-	-	23,186
13,940	-	-	-	-	-	-	13,940
-	-	-	-	-	-	-	14,174
-	-	-	-	-	-	-	110,529
-	-	-	-	-	-	-	365,740
-	-	252,066	-	-	-	-	252,066
-	-	-	-	-	-	-	3,915
-	-	-	-	-	30,115	-	32,860
-	-	-	-	50,000	-	-	50,000
<u>13,940</u>	<u>-</u>	<u>252,066</u>	<u>-</u>	<u>50,000</u>	<u>30,115</u>	<u>-</u>	<u>895,985</u>
-	2,899	2,758	500	(43,964)	(1,703)	-	157,584
-	-	-	-	-	-	-	190,000
-	-	-	-	-	-	-	190,000
-	2,899	2,758	500	(43,964)	(1,703)	-	347,584
-	4,648	39,421	9,097	593,799	38,848	-	2,115,626
<u>\$ -</u>	<u>\$ 7,547</u>	<u>\$ 42,179</u>	<u>\$ 9,597</u>	<u>\$ 549,835</u>	<u>\$ 37,145</u>	<u>\$ -</u>	<u>\$ 2,463,210</u>

SCHLEICHER COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Courtroom Building Fund	Total Nonmajor Governmental Funds
REVENUES:		
Taxes:		
General Sales and Use Taxes	\$ -	\$ 113,678
Intergovernmental Revenue and Grants	-	474,086
Charges for Services	-	49,738
Investment Earnings	13,160	44,914
Rents and Royalties	-	5,124
Other Revenue	-	379,189
Total Revenues	<u>13,160</u>	<u>1,066,729</u>
EXPENDITURES:		
County Judge:		
County & District Clerk	-	3,573
Justice of the Peace	-	26,002
Sheriff	-	23,186
Road & Bridge	-	13,940
Memorial Building	-	14,174
Community Resources	-	110,529
Fire & Emergency Management Services	-	365,740
Airport	-	252,066
District Court	-	3,915
Elections	-	32,860
Non-Departmental	-	50,000
Total Expenditures	<u>-</u>	<u>895,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,160</u>	<u>170,744</u>
OTHER FINANCING SOURCES (USES):		
Transfers In	<u>250,000</u>	<u>440,000</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>440,000</u>
Net Change in Fund Balance	263,160	610,744
Fund Balance - January 1 (Beginning)	<u>770,372</u>	<u>2,885,998</u>
Fund Balance - December 31 (Ending)	<u>\$ 1,033,532</u>	<u>\$ 3,496,742</u>

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

SCHLEICHER COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Justice of the Peace	County & District Clerk	Sheriff	Tax Assessor Collector	Total Custodial Funds
ASSETS					
Cash and Cash Equivalents	\$ 9,497	\$ 9,286	\$ 2,045	\$ 201,235	\$ 222,063
Accounts Receivable, Net	2,630	-	-	-	2,630
Total Assets	<u>\$ 12,127</u>	<u>\$ 9,286</u>	<u>\$ 2,045</u>	<u>\$ 201,235</u>	<u>\$ 224,693</u>
LIABILITIES					
Due to Other Funds	12,127	8,343	-	-	20,470
Total Liabilities	<u>12,127</u>	<u>8,343</u>	<u>-</u>	<u>-</u>	<u>20,470</u>
NET POSITION					
Restricted for Other Purposes	-	943	2,045	201,235	204,223
Total Net Position	<u>\$ -</u>	<u>\$ 943</u>	<u>\$ 2,045</u>	<u>\$ 201,235</u>	<u>\$ 204,223</u>

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

SCHLEICHER COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2022

	Justice of the Peace	County & District Clerk	Sheriff	Tax Assessor Collector	Total Custodial Funds
ADDITIONS:					
Charges for Services	\$ 224,072	\$ 99,290	\$ 7,378	\$ 12,753,763	\$ 13,084,503
Total Additions	<u>224,072</u>	<u>99,290</u>	<u>7,378</u>	<u>12,753,763</u>	<u>13,084,503</u>
DEDUCTIONS:					
Other Operating Costs	224,072	98,347	7,845	13,273,083	13,603,347
Total Deductions	<u>224,072</u>	<u>98,347</u>	<u>7,845</u>	<u>13,273,083</u>	<u>13,603,347</u>
Change in Net Position	-	943	(467)	(519,320)	(518,844)
Total Net Position - January 1 (Beginning)	<u>-</u>	<u>-</u>	<u>2,512</u>	<u>720,555</u>	<u>723,067</u>
Total Net Position - December 31 (Ending)	<u>\$ -</u>	<u>\$ 943</u>	<u>\$ 2,045</u>	<u>\$ 201,235</u>	<u>\$ 204,223</u>

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



NEFFENDORF & BLOCKER, P.C.

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*

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Schleicher
Schleicher, TX 76856

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, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Schleicher, Texas, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the County of Schleicher, Texas' basic financial statements, and have issued our report thereon dated December 7, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Schleicher, Texas' 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 County of Schleicher, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of County of Schleicher, Texas' 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 deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Schleicher, 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*.

TEL: 830 997 3348

EMAIL: info@nb-cpa.com

P.O. Box 874 · 512 S Adams Street, Fredericksburg, TX 78624

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

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.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

December 7, 2023



NEFFENDORF & BLOCKER, P.C.

December 7, 2023

Honorable Judge and County Commissioners
County of Schleicher
Eldorado, TX 79636

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Schleicher, Texas for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 24, 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 the County of Schleicher, Texas are described in Note 1 to the financial statements. As described in note 4.J. to the financial statements, GASB Statement No. 87 *Leases* was adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. 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 each opinion unit's financial statements taken as a whole.

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.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 7, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on the budgetary comparison schedules, schedule of changes in net pension liability and related ratios, the schedule of employer contributions and the schedule of changes in total OPEB liability, and the combining nonmajor fund financial statements, which accompany the financial statements but are not required supplementary information. 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 cash basis of accounting, 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.

Recommendations

Year-End Closing Procedures

Beginning with the year 2021, the County changed accounting policies related to the basis of accounting from cash basis to modified accrual basis. We recommend the County implement year end closing procedures to ensure the trial balance is complete and all accruals have been made at year-end in accordance with the modified accrual basis of accounting.

Prior Year Recommendations

Reconciliation of Tax Collection Reports to Tax-Assessor Collector Records

We noted during review of property tax collections that there is not a ledger kept for collections and disbursements by entity in the tax office for reconciliation. We recommend that the Tax-Assessor/Collection keep a ledger of property tax collections and disbursements. We also noted that bank reconciliations were not being performed for the tax collection account or the tax assessor/collectors clearing account. We recommend that bank reconciliations be performed monthly for each account. In accordance with section 113.008 of the Local Government Code, an official who fails to reconcile the official’s special accounts monthly shall transfer responsibility for account reconciliation to the county treasurer.

Restriction on Use

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

Very truly yours,

Neffendorf + Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas