

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

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

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PART I

INTRODUCTORY SECTION

CASTRO COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2022

Carroll Gerber	County Judge
Paul Ramirez	Commissioner, Precinct #1
Tim Elliott	Commissioner, Precinct #2
Michael Goolsby	Commissioner, Precinct #3
Ralph Brockman	Commissioner, Precinct #4
Danah Zirpoli.	Judge, 64 th Judicial District
Kregg Hukill	Judge, 242 nd Judicial District
Shalyn Hamlin	County and District Attorney
JoAnna Blanco	County and District Clerk
Connie Gilbreath	County Tax Assessor/Collector
Elaine D. Flynt	County Treasurer
Salvador Rivera	County Sheriff
Stephen Taylor	Justice of the Peace

PART II
FINANCIAL SECTION



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Castro County, Texas

INDEPENDENT AUDITORS' REPORT

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Castro County, Texas, as of September 30, 2022, and the respective changes in financial position 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Castro County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Castro County, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions on pages 35 – 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, 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. The independent auditors' opinion is not affected by the omission of the MD&A.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Castro County, Texas's basic financial statements. The accompanying combining and individual nonmajor and fiduciary 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 America. In our opinion, the combining nonmajor and fiduciary 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 report dated December 23, 2022, on our consideration of Castro County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Castro County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Castro County, Texas's internal control over financial reporting and compliance.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

December 23, 2022

BASIC FINANCIAL STATEMENTS

**CASTRO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,132,348
Investments	2,263,184
Delinquent taxes receivable, net	65,859
Accounts receivable, net	102,431
Due from other governmental entities	81,709
Prepaid expenses	73,422
Net pension asset	925,400
Capital assets, net of accumulated depreciation	10,969,208
	15,613,561
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	234,563
Pension economic/demographic losses	83,104
Pension assumption changes	222,973
	540,640
LIABILITIES	
Accounts payable	84,544
Accrued payroll and benefits	159,927
Due to other governmental entities	37,832
Accrued interest	31,842
Noncurrent liabilities:	
Due within one year	918,048
Due in more than one year	3,451,113
	4,683,306
DEFERRED INFLOWS OF RESOURCES	
Pension economic/demographic gains	17,189
Pension excess earnings	1,672,368
Pension assumption changes	57,103
	1,746,660
NET POSITION	
Net investment in capital assets	6,769,185
Restricted:	
By enabling legislation for special projects	261,505
Special projects	1,385,440
Debt Service	3,803
Unrestricted	1,304,302
	\$ 9,724,235

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

**CASTRO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government					
Governmental Activities:					
Administrative	\$ 918,166	\$ 273,694	\$ 756,507	\$ -	\$ 112,035
Judicial	375,355	39,169	18,226	-	(317,960)
Public facilities	422,374	19,668	62,916	-	(339,790)
Public safety	2,220,883	146,399	17,310	-	(2,057,174)
Road and bridge	1,517,139	509,502	25,189	-	(982,448)
Public services	486,171	600	375,569	-	(110,002)
Interest on long-term debt	117,015	-	-	-	(117,015)
Total	\$ 6,057,103	\$ 989,032	\$ 1,255,717	\$ -	(3,812,354)
General revenues:					
Taxes:					
Property taxes					2,555,911
Property taxes, levied for road and bridge					847,749
Payments in lieu of taxes					952,000
Sales and miscellaneous taxes					260,486
Interest earnings					35,025
Miscellaneous					208,598
Gain on sale of capital assets					121,908
Total general revenues					4,981,677
Change in net position					1,169,323
Net position - beginning					8,557,177
Prior period restatement					(2,265)
Net position - ending					\$ 9,724,235

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

**CASTRO COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General	Combined Road and Bridge	Debt Service
ASSETS			
Cash and cash equivalents	\$ 19,407	\$ 77,692	\$ 3,803
Investments	1,327,903	249,328	-
Delinquent taxes receivable, net	52,567	13,292	-
Accounts receivable, net	102,431	-	-
Due from other funds	94,967	58,049	-
Due from other governmental entities	79,221	2,488	-
Prepaid items	49,927	23,365	-
	<u>\$ 1,726,423</u>	<u>\$ 424,214</u>	<u>\$ 3,803</u>
LIABILITIES			
Accounts payable	\$ 22,608	\$ 19,297	\$ -
Due to other funds	-	149,416	-
Accrued payroll and benefits	97,034	45,096	-
Due to other governmental entities	37,609	-	-
	<u>157,251</u>	<u>213,809</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	46,883	11,888	-
Unavailable revenue - other receivables	79,841	-	-
	<u>126,724</u>	<u>11,888</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Prepaid items	49,927	23,365	-
Restricted:			
By enabling legislation for special projects	-	-	-
Special projects	-	-	-
Debt service	-	-	3,803
Committed:			
Special projects	11,549	333,403	-
Unassigned (deficit)	1,380,972	(158,251)	-
	<u>1,442,448</u>	<u>198,517</u>	<u>3,803</u>
Total fund balances	<u>1,442,448</u>	<u>198,517</u>	<u>3,803</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,726,423</u>	<u>\$ 424,214</u>	<u>\$ 3,803</u>

<u>American Relief</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 612,695	\$ 418,751	\$ 1,132,348
685,953	-	2,263,184
-	-	65,859
-	-	102,431
-	-	153,016
-	-	81,709
-	130	73,422
<u>\$ 1,298,648</u>	<u>\$ 418,881</u>	<u>\$ 3,871,969</u>
\$ 34,175	\$ 8,464	\$ 84,544
-	3,600	153,016
1,069	16,728	159,927
-	223	37,832
<u>35,244</u>	<u>29,015</u>	<u>435,319</u>
-	-	58,771
-	-	79,841
<u>-</u>	<u>-</u>	<u>138,612</u>
-	130	73,422
-	261,505	261,505
1,263,404	122,036	1,385,440
-	-	3,803
-	6,195	351,147
-	-	1,222,721
<u>1,263,404</u>	<u>389,866</u>	<u>3,298,038</u>
<u>\$ 1,298,648</u>	<u>\$ 418,881</u>	<u>\$ 3,871,969</u>

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

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

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds	\$	3,298,038
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		10,969,208
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.		138,612
The net pension asset is not a current financial resource and therefore, is not reported in the fund financial statement, but is reported in the governmental activities of the Statement of Net Position.		925,400
Pension losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.		
Pension economic/demographic losses		83,104
Pension assumption changes		222,973
Pension contributions paid after the measurement date, December 31, 2021, and before September 30, 2022 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		234,563
Pension gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(17,189)
Pension excess earnings		(1,672,368)
Pension assumption changes		(57,103)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable		(31,842)
Certificates of obligation and capital leases		(4,200,022)
Bond premium		(132,922)
Accrued compensated absences		(36,217)
		(9,724,235)
Net position - governmental activities	\$	9,724,235

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

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

	<u>General</u>	<u>Combined Road and Bridge</u>	<u>Debt Service</u>
REVENUES			
Property taxes	\$ 2,568,920	\$ 848,395	\$ -
Payments in lieu of taxes	952,000	-	-
Sales and miscellaneous taxes	260,486	-	-
Licenses and fees	258,365	509,502	-
Fines and forfeitures	161,369	-	-
Intergovernmental	60,736	25,188	-
Interest earnings	15,997	5,040	71
Miscellaneous	94,881	9,049	-
Total revenues	<u>4,372,754</u>	<u>1,397,174</u>	<u>71</u>
EXPENDITURES			
Current:			
Administrative	876,875	-	350
Judicial	374,374	-	-
Public facilities	275,428	-	-
Public safety	1,808,186	-	-
Road and bridge	-	1,201,523	-
Public services	64,143	-	-
Debt service:			
Principal	13,561	231,248	645,000
Interest	323	27,182	123,225
Capital outlay	112,394	525,256	-
Total expenditures	<u>3,525,284</u>	<u>1,985,209</u>	<u>768,575</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>847,470</u>	<u>(588,035)</u>	<u>(768,504)</u>
OTHER FINANCING SOURCES (USES)			
Intiation of capital leases	-	350,100	-
Proceeds from sale of assets	-	203,562	-
Transfers in	-	-	768,300
Transfers out	(898,300)	-	-
Total other financing sources (uses)	<u>(898,300)</u>	<u>553,662</u>	<u>768,300</u>
NET CHANGE IN FUND BALANCES	(50,830)	(34,373)	(204)
FUND BALANCES - BEGINNING	<u>1,493,278</u>	<u>232,890</u>	<u>4,007</u>
FUND BALANCES - ENDING	<u>\$ 1,442,448</u>	<u>\$ 198,517</u>	<u>\$ 3,803</u>

<u>American Relief</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 3,417,315
-	-	952,000
-	-	260,486
-	68,832	836,699
-	-	161,369
731,307	423,839	1,241,070
10,936	2,981	35,025
-	119,315	223,245
<u>742,243</u>	<u>614,967</u>	<u>7,127,209</u>
48,105	21,861	947,191
-	13,889	388,263
-	125,039	400,467
144,074	85,836	2,038,096
-	151	1,201,674
-	446,890	511,033
-	1,474	891,283
-	26	150,756
10,522	-	648,172
<u>202,701</u>	<u>695,166</u>	<u>7,176,935</u>
<u>539,542</u>	<u>(80,199)</u>	<u>(49,726)</u>
-	-	350,100
-	-	203,562
-	130,000	898,300
-	-	(898,300)
<u>-</u>	<u>130,000</u>	<u>553,662</u>
539,542	49,801	503,936
723,862	340,065	2,794,102
<u>\$ 1,263,404</u>	<u>\$ 389,866</u>	<u>\$ 3,298,038</u>

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

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

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds:	\$	503,936
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlays, \$648,172, were exceeded by depreciation, \$739,852, in the current period.</p>		
		(91,680)
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset sold.</p>		
		(83,654)
<p>The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.</p>		
		2,000
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.</p>		
		(22,691)
<p>In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>		
Debt issued or incurred:		
Capital lease financing		(350,100)
Principal repayments:		
Certificates of Obligation		645,000
Capital lease financing		246,283
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Accrued interest on debt, net change		7,157
Amortization of bond premium		26,585
Compensated absences, net change		1,404
Deferred outflows of resources, pension		(177,836)
Deferred inflows of resources, pension		(1,286,896)
Net pension asset, net change		925,400
Net pension liability, net change		824,415
Change in net position of governmental activities	\$	1,169,323

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

**CASTRO COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	ASSETS	Custodial Funds
Cash and cash equivalents		\$ 292,156
Accounts receivable		1,241
		<hr/>
Total assets		293,397
		<hr/>
	LIABILITIES	
Due to other governments		69,768
		<hr/>
Total liabilities		69,768
		<hr/>
	NET POSITION	
Restricted for:		
Individuals		223,629
		<hr/>
Total net position		\$ 223,629
		<hr/> <hr/>

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

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

	<u>Custodial Funds</u>
Additions	
Tax collections	\$ 18,455
Trust/Escrow contributions	1,970,390
Investment earnings	<u>1,098</u>
Total additions	<u>1,989,943</u>
 Deductions	
Payments to local governments	18,335
Trust/Escrow disbursements	<u>1,902,454</u>
Total deductions	<u>1,920,789</u>
 NET CHANGE IN NET POSITION	 69,154
 NET POSITION - BEGINNING	 <u>154,475</u>
 NET POSITION - ENDING	 <u><u>\$ 223,629</u></u>

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Castro County, Texas (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Financial Reporting Entity

The County, incorporated in 1876, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a variety of services to advance the welfare, morale, comfort, safety and convenience of the County and its citizens.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing the County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, but also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either, it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

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

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support. The County has no Business-type activities.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation

Government-Wide Statements – Continuation

The Statement of Activities demonstrates the degree to which the direct expenses of the County’s programs are offset by those programs’ revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported instead as *general revenue*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Fiduciary funds are excluded in the government-wide presentation of the financial statements.

Fund-Level Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Grant and entitlement revenues are also susceptible to accrual. These funds are accounted for on a spending “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Any fiduciary funds, including custodial funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for administrative, judicial, public facilities, public safety, public services, and capital acquisition.

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation

Fund-Level Statements – Continuation

The **Combined Road and Bridge Fund** is a special revenue fund used to account for the revenues derived from property taxes and license fees levied for purposes of road and bridge expenditures.

The **Debt Service Fund** accounts for the accumulation and disbursement of resources associated with the County's debt obligations. Property taxes and interest income provide the resources necessary to pay the annual principal and interest payments.

The **American Relief Fund** is used to account for funds received through various federal agencies passed through the State of Texas. The pass through grant is to be used to reimburse the County for qualified incurred costs and lost revenue related to the COVID-19 pandemic.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

The **Custodial Funds** account for assets received by the governmental unit in its capacity as trustee or agent for the County, other governmental entities, or individuals. The receipts and disbursements of such funds are governed by the terms of the statutes, ordinances, regulations or other authority.

C. Use of Estimates

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

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County's custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

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

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

1. Deposits and Investments – Continuation

The Act requires an annual audit of investment policies. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that in the area of investment practices, management has established and reports appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local polices.

2. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$3,218,052.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year unless the half payment option is elected in which one-half the tax is due November 30, and the balance the following June 30. Tax collections between October and December are considered early and are entitled to discounts. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years’ levies are shown net of an allowance for uncollectible accounts of \$284,655.

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

4. Restricted Assets/Funds

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as management, preservation, and retention of public records, personnel and security for the courthouse, technology requirements for the justice court, administration of pre-trial diversion programs, defraying the County’s voter registration expenses, continuing education costs, enhancement of law enforcement operations with seized and forfeited funds, supplementing salaries, holding and disbursing unclaimed funds to the State Comptroller, maintenance of the County’s Law Library, and enhancement of the County Attorney’s operations with fees from processing dishonored and forged checks. All restrictions are enacted according to Texas statutes.)
- In addition to the statutory restrictions the County has also received grant awards from various State and Federal agencies. These awards are all restricted for the stated purposes of the grant.
- The County has also received donations from outside donors. Those donations are restricted for the for the enhancement of Centennial Plaza, the Rhoads Memorial Library, and the maintenance of the tip-based hotline operated out of the Sheriff’s Department.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent “available spendable resources”.

6. Capital Assets

Capital assets, which include buildings and improvements, and vehicles and equipment, are reported in the government-wide financial statements. The County has opted to not retroactively report infrastructure assets. According to the County’s capitalization policy, capital assets, such as equipment, are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	5 - 40 years
Vehicles and equipment	5 - 20 years

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

7. Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Regular full-time employees are entitled to vacation of one to three weeks (depending upon years of service and employee classification) per year as earned. Vacation time earned, but not taken, is paid upon termination, but cannot be accumulated beyond what would be earned in one year plus one week. Compensation time is accrued at one and one-half the employee's regular rate for each hour worked over forty hours in a work week. After it is accrued, it is treated like vacation time earned and is paid upon termination. Sick leave accrues at 6.66 hours per month; however, unused sick leave is not paid upon termination. Accrued vacation leave and comp time are accrued in the government-wide financial statements.

8. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On the bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow or resources (expense/expenditure) until then. The government has multiple items that qualify for reporting in this category. They are the contributions, losses, and assumption changes related to the County's pension plan reported in the government-wide statement of net position.

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

9. Deferred Outflows/Inflows of Resources – Continuation

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has several items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items, pension economic/demographic gains, excess earnings, and assumption changes are related to the changes in the County's net pension liability and are reported in the government-wide statement of net position.

10. Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

11. Fund Balances – Continuation

Unassigned Fund Balance – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

12. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted Net Position – This amount includes all net position amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

13. Fund Balance Policies

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

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners’ Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The County’s highest level of decision-making authority is the Commissioners’ Court. The Court has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Court.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.

Continued

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation

A. Budgetary Information – Continuation

3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund, the Road and Bridge Funds, and the American Relief Fund.
4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for the General Fund, the Road and Bridge Funds, and the American Relief Fund.
5. Budgets for the General and the Road and Bridge and American Relief Special Revenue Funds are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund, the Road and Bridge Funds, and the American Relief Funds.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

B. Excess of Disbursements Over Appropriations

For the year ended September 30, 2022, expenditures exceeded appropriations in the following departments, Elections (\$2,617), 64th District Court (\$1,336), and General Fund Debt Service (\$13,884). Additionally, the Road and Bridge, Precinct 1 Debt Service Interest (\$2,063) and Capital Outlay (\$209,500), and Road and Bridge, Precinct 4 Debt Service (\$27,101) and Capital Outlay (\$272,896).

The over expenditures in the General Fund were funded by lower than anticipated expenditures in other line items. The over expenditures in the Road and Bridge Funds were funded by lower than anticipated expenditures in other line items as well as the proceeds from initiation of capital leases.

C. Deficit Fund Balance

The Road and Bridge, Precincts 1, 2 and 4 Funds had deficit unassigned fund balances of \$7,867, \$85,449 and \$64,935, respectively. In the current year the funds incurred expenditures in excess of the collected revenues. The County plans on covering the deficits with subsequent collections.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2022:

Cash and deposit balances consist of:

Cash on hand	\$ 1,100
Bank deposits	1,423,404
	1,423,404
Total	\$ 1,424,504

Cash and deposit balances are reported in the basic financial statements as follows:

Government-wide Statement of Net Position:	
Unrestricted	\$ 1,132,348
Fiduciary Funds Statement of Net Position	292,156
	292,156
Total	\$ 1,424,504

As of September 30, 2022, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Governmental activities		
Unrestricted		
Certificates of deposit (interest rates at 0.56% - 3.67%)	\$ 2,263,184	
Total fair value	\$ 2,263,184	
Portfolio weighted average maturity		412

Custodial credit risk – deposits. As of September 30, 2022, the carrying amount of the County's deposits with financial institutions was \$3,686,588 and the bank's balance was \$3,931,163. Of the bank balance, \$556,013 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$3,375,150 was collateralized with securities held by the pledging institution’s agent in the County’s name.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single insurer. As of September 30, 2022, 100% of the County’s carrying value of cash was deposited with the County’s depository banks and was adequately secured as described above.

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

NOTE 4 – CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function. As stated earlier, the County has not opted to report its infrastructure retroactively.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 59,771	\$ -	\$ -	\$ 59,771
Total capital assets, not being depreciated	<u>59,771</u>	<u>-</u>	<u>-</u>	<u>59,771</u>
Capital assets, being depreciated				
Buildings and improvements	10,454,907	-	-	10,454,907
Vehicles and equipment	4,129,931	150,072	(353,874)	3,926,129
Leased equipment	1,171,372	500,100	-	1,671,472
Total capital assets, being depreciated	<u>15,756,210</u>	<u>650,172</u>	<u>(353,874)</u>	<u>16,052,508</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,343,893)	(254,671)	-	(1,598,564)
Vehicles and equipment	(3,047,752)	(239,290)	270,220	(3,016,822)
Leased equipment	(281,794)	(245,891)	-	(527,685)
Total accumulated depreciation	<u>(4,673,439)</u>	<u>(739,852)</u>	<u>270,220</u>	<u>(5,143,071)</u>
Total capital assets, being depreciated, net	<u>11,082,771</u>	<u>(89,680)</u>	<u>(83,654)</u>	<u>10,909,437</u>
Governmental activities capital assets, net	<u>\$ 11,142,542</u>	<u>\$ (89,680)</u>	<u>\$ (83,654)</u>	<u>\$ 10,969,208</u>

Continued

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

NOTE 4 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended September 30, 2022 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 24,335
Public facilities	35,301
Public safety	291,809
Road and bridge	388,407
Total Depreciation Expense	\$ 739,852

NOTE 5 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$0.80 on each \$100 of assessed valuation. The tax rate on the 2021 tax roll was \$0.44625 per \$100, which means that the County has a tax margin of \$0.35375 per \$100 and could raise up to \$2,075,155 additional revenue from the 2021 assessed valuation of \$586,616,282 before the limit is reached.

The State of Texas Constitutional tax rate limit for the maintenance of farm-to-market roads is \$0.30 on each \$100 of assessed valuation. The tax rate on the 2021 tax roll was \$0.14875 per \$100, which means that the County has a tax margin of \$0.15125 per \$100 and could raise up to \$883,956 additional revenue from the 2021 assessed valuation of \$584,433,892 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 6 – SALES TAX

The County is entitled by provision of the State of Texas to a one-cent sales tax on all sales that occur within the County. The tax is assessed as a property tax reduction for the County to use as general revenues. This sales tax is remitted monthly by the Comptroller of the State of Texas.

NOTE 7 – RETIREMENT PLAN

Plan Description: Castro County provides retirement and death benefits for all of its employees, except temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 677 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 and is available at www.tcdrs.org.

Continued

**CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 – RETIREMENT PLAN – Continuation

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

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

Employees Covered by Benefit Terms: At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	74
Active employees	67

Contributions: The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

The County contributed using the actuarially determined rate of 10.69% for the months of the accounting year in 2021 and 12.56% for the months of the accounting year in 2022. The contribution rate payable by the employee members is 7.0% for fiscal year 2022 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017 – 2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pensions liability as of December 31, 2021. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Continued

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

NOTE 7 – RETIREMENT PLAN – Continuation

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

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.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

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

Continued

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

NOTE 7 – RETIREMENT PLAN – Continuation

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

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

Continued

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

NOTE 7 – RETIREMENT PLAN – Continuation

Discount Rate: The discount rate used to measure the total pension liability was 7.60%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our 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 projected benefit 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. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 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.

Continued

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

NOTE 7 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2020	\$ 13,016,818	\$ 12,192,403	\$ 824,415
Changes for the year:			
Service cost	332,680	-	332,680
Interest on total pension liability (1)	990,341	-	990,341
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	60,037	-	60,037
Effect of assumptions changes or inputs	(85,654)	-	(85,654)
Refund of contributions	(8,426)	(8,426)	-
Benefit payments	(640,851)	(640,851)	-
Administrative expenses	-	(7,894)	7,894
Member contributions	-	161,517	(161,517)
Net investment income	-	2,650,365	(2,650,365)
Employer contributions	-	246,704	(246,704)
Other (3)	-	(3,473)	3,473
Balances as of December 31, 2021	<u>\$ 13,664,945</u>	<u>\$ 14,590,345</u>	<u>\$ (925,400)</u>

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 15,309,861	\$ 13,664,945	\$ 12,277,365
Fiduciary net position	<u>14,590,345</u>	<u>14,590,345</u>	<u>14,590,345</u>
Net pension liability / (asset)	<u>\$ 719,516</u>	<u>\$ (925,400)</u>	<u>\$ (2,312,980)</u>

Continued

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

NOTE 7 – RETIREMENT PLAN – Continuation

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

Pension Expense / (Income):

	<u>January 1, 2021 to December 31, 2021</u>
Service cost	\$ 332,680
Interest on total pension liability (1)	990,341
Effect of plan changes	-
Administrative expenses	7,894
Member contributions	(161,517)
Expected investment return net of investment expenses	(917,206)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	42,927
Recognition of assumption changes or inputs	194,422
Recognition of investment gains or losses	(483,200)
Other (2)	<u>3,473</u>
Pension expense / (income)	<u><u>\$ 9,814</u></u>

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

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

Deferred Inflows / Outflows of Resources: As of September 30, 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	\$ 17,189	\$ 83,104
Changes of assumptions	57,103	222,973
Net difference between projected and actual earnings	1,672,368	-
Contributions made subsequent to measurement date	N/A	234,563

Continued

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

NOTE 7 – RETIREMENT PLAN – Continuation

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:

2022	\$ (120,046)
2023	(574,738)
2024	(399,169)
2025	(346,630)
2026	-
Thereafter	-

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Fund Inter-fund Receivables and Payables

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 94,967	\$ -
Special Revenue Funds:		
Road and Bridge, Precinct 1	-	6,773
Road and Bridge, Precinct 2	-	84,594
Road and Bridge, Precinct 3	58,049	-
Road and Bridge, Precinct 4	-	58,049
Castro/Swisher Juvenile Probation	-	3,600
	<u>\$ 153,016</u>	<u>\$ 153,016</u>

The primary purpose of inter-fund receivables and payables is the loaning of funds from the General Fund to Special Revenue Funds for the purpose of meeting current year expenditures.

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ -	\$ 898,300
Special Revenue Funds:		
Castro/Swisher Juvenile Probation	68,000	-
Rhoads Memorial Library	62,000	-
Debt Service Fund	768,300	-
	<u>\$ 898,300</u>	<u>\$ 898,300</u>

The primary purpose for inter-fund transfers is to move revenues from the General Fund to finance various programs and operations in other funds that the County must account for separately in accordance with budgetary authorizations, including debt service principal and interest and amounts provided as subsidies or matching funds for various grant programs.

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

NOTE 9 – TAX ABATEMENTS

During the year ended September 30, 2013, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a currently anticipated capacity of 306 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,200 per megawatt of turbine nameplate capacity during the abatement period. This has not resulted in a payment to County as of September 30, 2022 as the Company has not presented a Certificate of Completed Construction to the County.

During the year ended September 30, 2013, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum capacity of 100 megawatts of overall Turbine Nameplate Capacity. In addition, the project will add at least \$1,000,000 to the tax roll and create no fewer than 3 new permanent full-time jobs. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$2,000 per megawatt of turbine nameplate capacity during the abatement period. This resulted in payments in lieu of taxes for the current year of \$400,000.

During the year ended September 30, 2014, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a currently anticipated capacity of approximately 300 megawatts of overall Turbine Nameplate Capacity. In addition, the project will have an initial market value of approximately \$365,000. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,200 per megawatt of turbine nameplate capacity during the abatement period. This has not resulted in a payment to County as of September 30, 2022 as the Company has not presented a Certificate of Completed Construction to the County.

Continued

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

NOTE 9 – TAX ABATEMENTS – Continuation

During the year ended September 30, 2015, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business’ property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum capacity of 100 megawatts and a currently anticipated capacity of approximately 200 megawatts of overall Turbine Nameplate Capacity. In addition, the project will add at least \$1,000,000 to the tax roll and create no fewer than 3 new permanent full-time jobs. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner’s tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$2,000 per megawatt of turbine nameplate capacity during the abatement period. This resulted in payments in lieu of taxes for the current year of \$552,000.

During the year ended September 30, 2016, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business’ property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum capacity of 15 megawatts of overall Turbine Nameplate Capacity. In addition, the project will have an initial market value of approximately \$25,000,000. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner’s tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,800 per megawatt of turbine nameplate capacity during the abatement period. This has not resulted in a payment to County as of September 30, 2022 as the Company has not presented a Certificate of Completed Construction to the County.

For the fiscal year ended September 30, 2022, Castro County abated property taxes totaling \$2,822,250 under this program, including the following tax abatement agreements:

- A 100 percent tax abatement to TX Hereford Wind II, LLC, for \$1,353,162.
- A 100 percent tax abatement to Bethel Wind, LLC, for \$1,469,088.

NOTE 10 – CONCENTRATION OF TAXPAYERS

As of September 30, 2022, the following taxpayers accounted for a significant portion of the County’s total tax levy.

<u>Taxpayer</u>	<u>Industry</u>	<u>Tax Amount</u>	<u>Percent of Total Levy</u>
Taxpayer A	Utilities	\$ 290,845	8.34 %
Taxpayer B	Utilities	185,735	5.33 %

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

NOTE 11 – LONG-TERM LIABILITIES

The County has entered into multiple capital leases, each for heavy equipment, copiers, and other equipment. The obligations under capital lease have been recorded in the accompanying financial statements at the present value of the minimum lease payments, discounted at an interest rates ranging from .521% to 5.722%. The terms of these obligations range from fiscal years ended 2023 to 2026.

In 2017, the County issued \$6,565,000 of Certificates of Obligation, Series 2017, for the purpose of constructing and equipping the Castro County Law Enforcement Center. Principal payments on the bonds are made annually, each February 15, and interest payments are made semi-annually, each February 15 and August 15. Interest rates range from 2.0% - 4.0%.

Certificates of Obligations are supported by a pledge of the County’s full faith and credit. The related bond ordinance requires a levy and collection of ad valorem taxes on taxable property located within the County. Tax levy and collections began in 2018.

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 37,621	\$ 61,700	\$ (63,104)	\$ 36,217	\$ 4,000
Capital leases	541,205	350,100	(246,283)	645,022	249,048
Certificates of Obligation					
Series 2017	4,200,000	-	(645,000)	3,555,000	665,000
Bond premium	159,507	-	(26,585)	132,922	
Governmental activity long-term liabilities	<u>\$ 4,938,333</u>	<u>\$ 411,800</u>	<u>\$ (980,972)</u>	<u>\$ 4,369,161</u>	<u>\$ 918,048</u>

The County incurred interest expense of \$117,015 during the year ended September 30, 2022.

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2022 is as follows:

Fiscal Year	Total	Capital leases		Certificates of Obligation Series 2017	
		Interest	Principal	Interest	Principal
2023	\$ 1,042,388	\$ 24,765	\$ 249,048	\$ 103,575	\$ 665,000
2024	982,487	16,522	196,165	79,800	690,000
2025	944,765	8,438	170,977	55,350	710,000
2026	798,257	750	28,832	33,675	735,000
2027	766,325	-	-	11,325	755,000
	<u>\$ 4,534,222</u>	<u>\$ 50,475</u>	<u>\$ 645,022</u>	<u>\$ 283,725</u>	<u>\$ 3,555,000</u>

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

NOTE 12 – RISK MANAGEMENT

The County’s major areas of risk management are: public officials’, law enforcement, and automobile liability, general comprehensive liability and property damage, workers’ compensation, and employee health insurance. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

NOTE 13 – PRIOR PERIOD RESTATEMENT

The prior period net assets were reduced due to the implementation of GASB Statement 87 – *Leases*. The statement requires the recording of long-term right to use assets, “leased equipment” and the corresponding long-term obligation of the leases on the Statement of Net Position.

Net book value of leased equipment at October 1, 2021	\$ 54,384
Carrying value of capital lease liability for leased equipment at October 1, 2021	<u>(56,649)</u>
Prior period adjustment - government-wide statement of activiites	<u><u>\$ (2,265)</u></u>

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CASTRO COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 2,539,242	\$ 2,539,242	\$ 2,568,920	\$ 29,678
Payments in lieu of taxes	952,000	952,000	952,000	-
Sales and miscellaneous taxes	218,975	218,975	260,486	41,511
Licenses and fees	319,830	319,830	258,365	(61,465)
Fines and forfeitures	158,300	158,300	161,369	3,069
Intergovernmental	124,200	124,200	60,736	(63,464)
Interest earnings	6,640	6,640	15,997	9,357
Miscellaneous	31,300	31,300	94,881	63,581
	<u>4,350,487</u>	<u>4,350,487</u>	<u>4,372,754</u>	<u>22,267</u>
EXPENDITURES				
Current:				
Administrative				
County Judge	148,650	150,650	145,218	5,432
County Clerk	223,070	223,070	194,449	28,621
County Tax Assessor/Collector	173,170	174,247	172,062	2,185
County Treasurer	172,925	172,925	167,702	5,223
Elections	22,450	22,450	25,067	(2,617)
Veteran's Administration	11,175	11,175	-	11,175
Professional services	161,300	161,300	141,443	19,857
Non-departmental	19,000	17,923	10,718	7,205
Other	30,275	30,275	20,216	10,059
	<u>962,015</u>	<u>964,015</u>	<u>876,875</u>	<u>87,140</u>
Judicial				
242nd District Court	77,700	77,700	65,989	11,711
64th District Court	65,650	65,650	66,986	(1,336)
Justice of the Peace	104,190	104,190	90,650	13,540
County Attorney	128,545	164,095	150,749	13,346
Miscellaneous judicial	4,500	2,500	-	2,500
	<u>380,585</u>	<u>414,135</u>	<u>374,374</u>	<u>39,761</u>
Public facilities				
Courthouse	268,165	295,175	239,537	55,638
Ross building	7,700	7,700	6,611	1,089
APPR annex	9,750	9,750	7,041	2,709
Expo	26,000	26,000	20,554	5,446

Continued

CASTRO COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Continuation	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Public facilities - continuation				
Sunnyside dam	\$ 2,000	\$ 2,000	\$ 1,685	\$ 315
Total public facilities	<u>313,615</u>	<u>340,625</u>	<u>275,428</u>	<u>65,197</u>
Public safety				
County Sheriff	887,705	886,365	877,587	8,778
Jail	904,465	925,255	884,636	40,619
Department of public safety	2,725	2,725	1,756	969
Fire prevention	<u>54,900</u>	<u>54,900</u>	<u>44,207</u>	<u>10,693</u>
Total public safety	<u>1,849,795</u>	<u>1,869,245</u>	<u>1,808,186</u>	<u>61,059</u>
Public services				
Health and welfare	9,657	9,657	9,097	560
Extension office	<u>61,850</u>	<u>61,150</u>	<u>55,046</u>	<u>6,104</u>
Total public services	<u>71,507</u>	<u>70,807</u>	<u>64,143</u>	<u>6,664</u>
Debt service:				
Principal	-	-	13,561	(13,561)
Interest	<u>-</u>	<u>-</u>	<u>323</u>	<u>(323)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>13,884</u>	<u>(13,884)</u>
Capital outlay	<u>292,825</u>	<u>268,850</u>	<u>112,394</u>	<u>156,456</u>
Total expenditures	<u>3,870,342</u>	<u>3,927,677</u>	<u>3,525,284</u>	<u>402,393</u>
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>480,145</u>	<u>422,810</u>	<u>847,470</u>	<u>424,660</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(898,700)</u>	<u>(898,700)</u>	<u>(898,300)</u>	<u>400</u>
Total other financing sources (uses)	<u>(898,700)</u>	<u>(898,700)</u>	<u>(898,300)</u>	<u>400</u>
NET CHANGE IN FUND BALANCE	(418,555)	(475,890)	(50,830)	425,060
FUND BALANCE - BEGINNING	<u>1,493,278</u>	<u>1,493,278</u>	<u>1,493,278</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,074,723</u>	<u>\$ 1,017,388</u>	<u>\$ 1,442,448</u>	<u>\$ 425,060</u>

CASTRO COUNTY, TEXAS
PRECINCT #1 ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 210,816	\$ 210,816	\$ 212,062	\$ 1,246
Licenses and fees	128,000	128,000	132,478	4,478
Intergovernmental	6,400	6,400	6,297	(103)
Investment earnings	50	50	873	823
Miscellaneous	-	-	2,975	2,975
	<u>345,266</u>	<u>345,266</u>	<u>354,685</u>	<u>9,419</u>
Total revenues				
EXPENDITURES				
Current:				
Road and bridge	315,395	334,405	329,862	4,543
Debt service:				
Principal	105,000	105,000	104,585	415
Interest	-	-	2,063	(2,063)
Capital outlay	-	-	209,500	(209,500)
	<u>420,395</u>	<u>439,405</u>	<u>646,010</u>	<u>(206,605)</u>
Total expenditures				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(75,129)</u>	<u>(94,139)</u>	<u>(291,325)</u>	<u>(197,186)</u>
OTHER FINANCING SOURCES				
Initiation of capital leases	-	-	209,500	209,500
Proceeds from sale of capital assets	-	-	1,263	1,263
	<u>-</u>	<u>-</u>	<u>210,763</u>	<u>210,763</u>
Total other financing sources				
NET CHANGE IN FUND BALANCE	(75,129)	(94,139)	(80,562)	13,577
FUND BALANCE - BEGINNING	<u>76,638</u>	<u>76,638</u>	<u>76,638</u>	<u>-</u>
FUND BALANCE - ENDING (DEFICIT)	<u>\$ 1,509</u>	<u>\$ (17,501)</u>	<u>\$ (3,924)</u>	<u>\$ 13,577</u>

CASTRO COUNTY, TEXAS
PRECINCT #2 ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 210,816	\$ 210,816	\$ 212,099	\$ 1,283
Licenses and fees	128,000	128,000	132,468	4,468
Intergovernmental	6,400	6,400	6,297	(103)
Investment earnings	45	45	261	216
Miscellaneous	-	-	2,025	2,025
	<u>345,261</u>	<u>345,261</u>	<u>353,150</u>	<u>7,889</u>
Total revenues				
EXPENDITURES				
Current:				
Road and bridge	302,840	302,690	292,031	10,659
Debt service:				
Principal	75,000	75,150	74,835	315
Interest	19,200	19,200	19,196	4
	<u>397,040</u>	<u>397,040</u>	<u>386,062</u>	<u>10,978</u>
Total expenditures				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(51,779)</u>	<u>(51,779)</u>	<u>(32,912)</u>	<u>18,867</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	1,263	1,263
	<u>-</u>	<u>-</u>	<u>1,263</u>	<u>1,263</u>
Total other financing sources				
NET CHANGE IN FUND BALANCE	(51,779)	(51,779)	(31,649)	20,130
FUND BALANCE - BEGINNING (DEFICIT)	<u>(48,994)</u>	<u>(48,994)</u>	<u>(48,994)</u>	<u>-</u>
FUND BALANCE - ENDING (DEFICIT)	<u><u>\$ (100,773)</u></u>	<u><u>\$ (100,773)</u></u>	<u><u>\$ (80,643)</u></u>	<u><u>\$ 20,130</u></u>

CASTRO COUNTY, TEXAS
PRECINCT #3 ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 210,816	\$ 210,816	\$ 212,117	\$ 1,301
Licenses and fees	118,500	118,500	122,283	3,783
Intergovernmental	6,400	6,400	6,297	(103)
Investment earnings	1,130	1,130	3,703	2,573
Miscellaneous	-	-	2,024	2,024
	<u>336,846</u>	<u>336,846</u>	<u>346,424</u>	<u>9,578</u>
Total revenues				
EXPENDITURES				
Current:				
Road and bridge	293,405	301,505	288,037	13,468
Capital outlay	25,000	16,900	-	16,900
	<u>318,405</u>	<u>318,405</u>	<u>288,037</u>	<u>30,368</u>
Total expenditures				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,441</u>	<u>18,441</u>	<u>58,387</u>	<u>39,946</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	1,263	1,263
	<u>-</u>	<u>-</u>	<u>1,263</u>	<u>1,263</u>
Total other financing sources				
NET CHANGE IN FUND BALANCE	18,441	18,441	59,650	41,209
FUND BALANCE - BEGINNING	<u>277,639</u>	<u>277,639</u>	<u>277,639</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 296,080</u>	<u>\$ 296,080</u>	<u>\$ 337,289</u>	<u>\$ 41,209</u>

CASTRO COUNTY, TEXAS
PRECINCT #4 ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 210,816	\$ 210,816	\$ 212,117	\$ 1,301
Licenses and fees	118,500	118,500	122,273	3,773
Intergovernmental	6,400	6,400	6,297	(103)
Investment earnings	40	40	203	163
Miscellaneous	-	-	2,025	2,025
	<u>335,756</u>	<u>335,756</u>	<u>342,915</u>	<u>7,159</u>
Total revenues				
EXPENDITURES				
Current:				
Road and bridge	311,515	326,315	291,593	34,722
Debt service:				
Principal	26,250	26,650	51,828	(25,178)
Interest	4,000	4,000	5,923	(1,923)
Capital outlay	57,000	42,860	315,756	(272,896)
	<u>398,765</u>	<u>399,825</u>	<u>665,100</u>	<u>(265,275)</u>
Total expenditures				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(63,009)</u>	<u>(64,069)</u>	<u>(322,185)</u>	<u>(258,116)</u>
OTHER FINANCING SOURCES				
Initiation of capital leases	-	-	140,600	140,600
Proceeds from sale of assets	-	-	199,773	199,773
	<u>-</u>	<u>-</u>	<u>340,373</u>	<u>340,373</u>
Total other financing sources				
NET CHANGE IN FUND BALANCE	(63,009)	(64,069)	18,188	82,257
FUND BALANCE - BEGINNING (DEFICIT)	<u>(72,393)</u>	<u>(72,393)</u>	<u>(72,393)</u>	<u>-</u>
FUND BALANCE - ENDING (DEFICIT)	<u>\$ (135,402)</u>	<u>\$ (136,462)</u>	<u>\$ (54,205)</u>	<u>\$ 82,257</u>

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CASTRO COUNTY, TEXAS
AMERICAN RELIEF
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 730,000	\$ 730,000	\$ 731,307	\$ 1,307
Investment earnings	1,765	1,765	10,936	9,171
Total revenues	<u>731,765</u>	<u>731,765</u>	<u>742,243</u>	<u>10,478</u>
EXPENDITURES				
Current:				
Administrative	500,000	500,000	48,105	451,895
Public safety	3,020	38,500	144,074	(105,574)
Capital outlay	<u>-</u>	<u>-</u>	<u>10,522</u>	<u>(10,522)</u>
Total expenditures	<u>503,020</u>	<u>538,500</u>	<u>202,701</u>	<u>335,799</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	228,745	193,265	539,542	346,277
FUND BALANCE - BEGINNING	<u>723,862</u>	<u>723,862</u>	<u>723,862</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 952,607</u></u>	<u><u>\$ 917,127</u></u>	<u><u>\$ 1,263,404</u></u>	<u><u>\$ 346,277</u></u>

CASTRO COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

	Year Ended December 31,			
	2021	2020	2019	2018
Total Pension Liability:				
Service cost	\$ 332,680	\$ 303,398	\$ 294,066	\$ 274,048
Interest on total pension liability	990,341	941,322	902,306	862,291
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(85,654)	668,919	-	-
Effect of economic/demographic (gains) or losses	60,037	129,239	(68,762)	(11,893)
Benefit payments/refunds of contributions	(649,277)	(674,703)	(636,570)	(663,801)
Net change in total pension liability	648,127	1,368,175	491,040	460,645
Total pension liability, beginning	13,016,819	11,648,644	11,157,604	10,696,959
Total pension liability, ending (a)	<u>\$ 13,664,946</u>	<u>\$ 13,016,819</u>	<u>\$ 11,648,644</u>	<u>\$ 11,157,604</u>
Fiduciary Net Position:				
Employer contributions	\$ 246,704	\$ 253,700	\$ 248,596	\$ 229,428
Member contributions	161,517	157,847	160,681	145,867
Investment income net of investment expenses	2,650,365	1,167,233	1,628,832	(197,318)
Benefit payments/refunds of contributions	(649,277)	(674,703)	(636,570)	(663,801)
Administrative expenses	(7,894)	(8,921)	(8,614)	(7,965)
Other	(3,473)	(6,667)	(6,207)	(7,548)
Net change in fiduciary net position	2,397,942	888,489	1,386,718	(501,337)
Fiduciary net position, beginning	12,192,404	11,303,915	9,917,197	10,418,534
Fiduciary net position, ending (b)	<u>\$ 14,590,346</u>	<u>\$ 12,192,404</u>	<u>\$ 11,303,915</u>	<u>\$ 9,917,197</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (925,400)</u>	<u>\$ 824,415</u>	<u>\$ 344,729</u>	<u>\$ 1,240,407</u>
Fiduciary net position as a % of total pension liability	106.77%	93.67%	97.04%	88.88%
Pensionable covered payroll	\$ 2,307,381	\$ 2,254,957	\$ 2,295,440	\$ 2,083,810
Net pension liability as a % of covered payroll	-40.11%	36.56%	15.02%	59.53%

Year Ended December 31,

2017	2016	2015	2014	2013	2012
\$ 269,770	\$ 309,056	\$ 260,103	\$ 245,996	\$ N/A	\$ N/A
823,818	770,984	716,753	682,578	N/A	N/A
-	-	(39,004)	-	N/A	N/A
67,158	-	106,293	-	N/A	N/A
(51,594)	12,485	111,407	(101,772)	N/A	N/A
<u>(614,068)</u>	<u>(505,059)</u>	<u>(450,109)</u>	<u>(439,673)</u>	<u>N/A</u>	<u>N/A</u>
495,084	587,466	705,442	387,129	N/A	N/A
<u>10,201,875</u>	<u>9,614,409</u>	<u>8,908,967</u>	<u>8,521,837</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 10,696,959</u>	<u>\$ 10,201,875</u>	<u>\$ 9,614,409</u>	<u>\$ 8,908,966</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 198,483	\$ 196,529	\$ 326,752	\$ 299,581	\$ N/A	\$ N/A
138,799	137,539	144,713	124,961	N/A	N/A
1,359,774	652,147	(51,942)	562,485	N/A	N/A
(614,068)	(505,059)	(450,109)	(439,673)	N/A	N/A
(6,929)	(7,092)	(6,341)	(6,585)	N/A	N/A
<u>(3,775)</u>	<u>44,645</u>	<u>46,787</u>	<u>(18,461)</u>	<u>N/A</u>	<u>N/A</u>
1,072,284	518,709	9,860	522,308	N/A	N/A
<u>9,346,250</u>	<u>8,827,541</u>	<u>8,817,681</u>	<u>8,295,373</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 10,418,534</u>	<u>\$ 9,346,250</u>	<u>\$ 8,827,541</u>	<u>\$ 8,817,681</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 278,425</u>	<u>\$ 855,625</u>	<u>\$ 786,868</u>	<u>\$ 91,285</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
97.40%	91.61%	91.82%	98.98%	N/A	N/A
\$ 1,982,843	\$ 1,964,843	\$ 2,057,634	\$ 1,785,150	\$ N/A	\$ N/A
14.04%	43.55%	38.24%	5.11%	N/A	N/A

CASTRO COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 215,865	\$ 315,865	\$ (100,000)	\$ 1,952,330	16.2%
2016	206,720	320,778	(114,058)	2,003,433	16.0%
2017	195,292	200,296	(5,004)	1,948,905	10.3%
2018	221,818	221,818	-	2,064,643	10.7%
2019	244,981	244,981	-	2,252,600	10.9%
2020	250,044	250,044	-	2,245,458	11.1%
2021	256,295	256,295	-	2,364,964	10.8%
2022	294,896	294,896	-	2,431,924	12.1%

**CASTRO COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)**

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.9 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation.
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the PUB-2010 General Retirees Table for males and 120% of the PUB-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted or committed by the County to expenditures for specified purposes.

Castro/Swisher Juvenile Probation Department – The Castro/Swisher Juvenile Probation Department accounts for grants received from the Texas Juvenile Justice Department as well as local funds used for providing juvenile probation services.

Centennial Plaza – The Centennial Plaza Fund accounts for funds donated by the residents of Castro County. The funds are restricted by the donors for improvements made to the plaza.

Hazel Merritt Bequest – The Hazel Merritt Bequest Fund accounts for funds that were left to Castro County, Texas by Hazel Merritt. The funds are restricted by the terms of the will for the benefit of the library.

Rhoads Memorial Library Donations & Memorials – The Rhoads Memorial Library Donations & Memorials Fund accounts for funds that are donated to the County. The funds are restricted by the donors for the benefit of the library.

Rhoads Memorial Library – The Rhoads Memorial Library Fund accounts for funds received from the City of Dimmitt to supplement expenditures incurred by the operation of the library. The funds are restricted by the City for the use of the library.

Chapter 19 – Voter Registration – The Chapter 19- Voter Registration Fund accounts for funds issued by the Texas Secretary of State to voter registrars in Texas to help defray the County’s voter registration expenses. The funds are restricted by law to be spent on any item or services designed to increase the number of registered voters, maintain and report an accurate list of the number of registered voters, and/or increase the efficiency of the voter registration office.

County Judge Excess Salary Supplement – The County Judge Excess Salary Supplement Fund accounts for additional received from the State of Texas to supplement the salary of the County Judge. The funds are restricted by law to be used to supplement the County Judge’s office.

Sheriff’s Petty Cash – The Sheriff’s Petty Cash Fund accounts for funds committed by the Commissioners’ Court to cover the costs associated with prisoner transportation.

Sheriff’s Special Account – The Sheriff’s Special Account Fund accounts for donations received from the residents of Castro County. The funds are restricted by the donors for the use and betterment of the county residents.

Unclaimed Property – The Unclaimed Property Fund accounts for outstanding checks from offices that are older than one year.

Check & Sight – The Check and Sight Fund accounts for fees collected by the County Attorney for every hot check processed through the office. The fees are dedicated by law to be used at the sole discretion of the County Attorney to defray the salaries and expenses of the prosecutor’s office.

Courthouse Security – The Courthouse Security Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain the security of the courthouse.

County Clerk Records Management – The County Clerk Records Management Fund accounts for revenue from fees collected by the County Clerk on court cases. The fees are dedicated by law to be used for specific records management projects of the office.

County Law Library – The County Law Library Fund accounts for statutory fees collected in civil cases filed in County and District Courts. The fees are restricted by law to provide and maintain a County Law Library.

Constable Law Enforcement Education – The Constable Law Enforcement Education Fund accounts for funds received from the State of Texas on behalf of the Constable. The funds are dedicated by law for the use of continuing education of law enforcement personnel.

Sheriff's Forfeited Funds – The Sheriff's Forfeited Funds accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized. The funds are dedicated by law to be used supplement the costs of the Sheriff's office.

County/District Attorney Forfeited Funds – The County/District Attorney Forfeited Funds accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized. The funds are dedicated by law to be used supplement the costs of the County/District Attorney's office.

Sheriff Law Enforcement Education – The Sheriff Law Enforcement Education Fund accounts for funds received from the State of Texas on behalf of the Sheriff. The funds are dedicated by law for the use of continuing education of law enforcement personnel.

Justice Court Technology – The Justice Court Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is designated for the purpose of financing the purchase of technological enhancements for a justice court.

District Clerk Records Archive – The District Clerk Records Archive Fund accounts for fees collected by the District Clerk for the filing of a suit. The fees are dedicated by law to be expended only for the preservation and restoration of the District Clerk's record archive.

County Clerk Records Archive – The County Clerk Records Archive Fund accounts for fees collected by the County Clerk for the filing of public documents. The fees are dedicated by law to be expended only for the preservation and restoration of the County Clerk's record archive.

County/District Clerk Technology – The County/District Clerk Technology Fund accounts for fees collected from all defendants convicted in the County or District Courts. The fees are dedicated by law to be expended only for the costs of continuing education for county and district judges and clerks regarding technological enhancements for justice courts and the costs of those enhancements.

Courthouse Records Management – The Courthouse Records Management Fund accounts for fees collected by the County and District Clerks from all defendants convicted of an offense. The fees are dedicated by law to be used for specific records management and preservation purposes of the County.

Expo Building – The Expo Building Fund accounts for the rental income and deposits received in the use of the Expo Building by the residents of Castro County. The Commissioner's Court has committed these funds to be used to supplement the costs of maintaining the Expo Building.

Crime Line – The Crime Line Fund accounts for donations received from the residents of Castro County. The funds are restricted by the donors for the maintenance and upkeep of the tip based hotline maintained by the Sheriff's Department.

Pretrial Diversion – The Pretrial Diversion Fund accounts for fees charged to any defendant willing to participate in a pretrial intervention program. The fees are dedicated by law to be used to administer and maintain the pretrial diversion programs.

Court Facility Fee – The Court Facility Fee Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to be expended only to fund the construction, renovation, or improvement of facilities that house the courts or pay the principal of, interest on, and costs of issuance of bonds, including refunding bonds, issued for the construction, renovation, or improvement of the facilities.

Language Access – The Language Access Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to provide language access services for individuals appearing before the court or receiving court services.

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County Juror Fund – The County Juror Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to fund juror reimbursements and other otherwise finance jury services.

Court Reporter Fund – The Court Reporter Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to be used to maintain a court reporter who is available for assignment in the court.

Consolidated State Civil Filing Fee – The Consolidated State Civil Filing Fee Fund accounts for court costs collected by the various courts to be remitted to the State of Texas and other agencies.

Court Initiated Guardian/Probate Fund – The Court Initiated Guardian/Probate Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to supplement other available funds to pay the compensation of a guardian ad litem appointed by the Court, pay the compensation of an attorney ad litem appointed by the court, and fund local guardianship programs that provide guardians for indigent incapacitated persons as well as being dedicated by law to support the office of a public probate administrator.

Sheriff Commissary – The Sheriff Commissary Fund accounts for the proceeds received by the Sheriff's office from incarcerated persons on the sale of commissary items. The funds are restricted by law to be used to maintain the commissary and for the benefit of the Sheriff's Department.

**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

Special Revenue

	Castro/Swisher Juvenile Probation Department	Centennial Plaza	Hazel Merritt Bequest	Rhoads Memorial Library Donations & Memorials
ASSETS				
Cash and cash equivalents	\$ 42,701	\$ 1,772	\$ 40,392	\$ 6,976
Prepaid expenses	112	-	-	-
Total assets	\$ 42,813	\$ 1,772	\$ 40,392	\$ 6,976
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,600	-	-	-
Due to other governments	-	-	-	-
Accrued payroll and benefits	13,532	-	-	-
Total liabilities	17,132	-	-	-
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	112	-	-	-
Restricted:				
By enabling legislation for special projects	-	-	-	-
Special projects	25,569	1,772	40,392	6,976
Committed:				
Special projects	-	-	-	-
Total fund balances	25,681	1,772	40,392	6,976
Total liabilities and fund balances	\$ 42,813	\$ 1,772	\$ 40,392	\$ 6,976

Special Revenue

Rhoads Memorial Library	Chapter 19 - Voter Registration	County Judge Excess Salary Supplement	Sheriff's Petty Cash	Sheriff's Special Account	Unclaimed Property
\$ 24,047	\$ 90	\$ 1,011	\$ 2,808	\$ 3,928	\$ 65,736
18	-	-	-	-	-
<u>\$ 24,065</u>	<u>\$ 90</u>	<u>\$ 1,011</u>	<u>\$ 2,808</u>	<u>\$ 3,928</u>	<u>\$ 65,736</u>
\$ 471	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
86	-	-	-	-	-
3,178	-	-	-	-	-
<u>3,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18	-	-	-	-	-
-	90	1,011	-	-	65,736
20,312	-	-	-	3,928	-
-	-	-	2,808	-	-
<u>20,330</u>	<u>90</u>	<u>1,011</u>	<u>2,808</u>	<u>3,928</u>	<u>65,736</u>
<u>\$ 24,065</u>	<u>\$ 90</u>	<u>\$ 1,011</u>	<u>\$ 2,808</u>	<u>\$ 3,928</u>	<u>\$ 65,736</u>

Continued

**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

Continuation

Special Revenue

	<u>Check & Sight</u>	<u>Courthouse Security</u>	<u>County Clerk Records Management</u>	<u>County Law Library</u>
ASSETS				
Cash and cash equivalents	\$ 3,444	\$ 36,498	\$ 43,981	\$ 14,045
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 3,444</u>	<u>\$ 36,498</u>	<u>\$ 43,981</u>	<u>\$ 14,045</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 6,464	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Accrued payroll and benefits	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>6,464</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	-	-	-	-
Restricted:				
By enabling legislation for special projects	3,444	36,498	37,517	14,045
Special projects	-	-	-	-
Committed:				
Special projects	-	-	-	-
Total fund balances	<u>3,444</u>	<u>36,498</u>	<u>37,517</u>	<u>14,045</u>
Total liabilities and fund balances	<u>\$ 3,444</u>	<u>\$ 36,498</u>	<u>\$ 43,981</u>	<u>\$ 14,045</u>

Special Revenue

Constable Law Enforcement Education	Sheriff's Forfeited Funds	County/District Attorney Forfeited Funds	Sheriff Law Enforcement Education	Justice Court Technology	District Clerk Records Archive
\$ -	\$ 116	\$ 2,442	\$ 39	\$ 34,807	\$ 8,033
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 116</u>	<u>\$ 2,442</u>	<u>\$ 39</u>	<u>\$ 34,807</u>	<u>\$ 8,033</u>
\$ -	\$ -	\$ 436	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>436</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	116	2,006	39	34,807	8,033
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>116</u>	<u>2,006</u>	<u>39</u>	<u>34,807</u>	<u>8,033</u>
<u>\$ -</u>	<u>\$ 116</u>	<u>\$ 2,442</u>	<u>\$ 39</u>	<u>\$ 34,807</u>	<u>\$ 8,033</u>

Continued

**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

Continuation

Special Revenue

	County Clerk Records Archive	County/District Clerk Technology	Courthouse Records Management	Expo Building
ASSETS				
Cash and cash equivalents	\$ 29,699	\$ 6,480	\$ 11,851	\$ 3,987
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 29,699</u>	<u>\$ 6,480</u>	<u>\$ 11,851</u>	<u>\$ 3,987</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 98	\$ 600
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Accrued payroll and benefits	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>98</u>	<u>600</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	-	-	-	-
Restricted:				
By enabling legislation for special projects	29,699	6,480	11,753	-
Special projects	-	-	-	-
Committed:				
Special projects	-	-	-	3,387
Total fund balances	<u>29,699</u>	<u>6,480</u>	<u>11,753</u>	<u>3,387</u>
Total liabilities and fund balances	<u>\$ 29,699</u>	<u>\$ 6,480</u>	<u>\$ 11,851</u>	<u>\$ 3,987</u>

Special Revenue

<u>Crime Line</u>	<u>Pretrial Diversion</u>	<u>Court Facility Fee</u>	<u>Language Access Fee</u>	<u>County Juror Fund</u>	<u>Court Reporter Fund</u>
\$ 23,087	\$ 2,920	\$ 1,540	\$ 495	\$ 500	\$ 1,595
-	-	-	-	-	-
<u>\$ 23,087</u>	<u>\$ 2,920</u>	<u>\$ 1,540</u>	<u>\$ 495</u>	<u>\$ 500</u>	<u>\$ 1,595</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	18	-	-	-	-
<u>-</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	2,902	1,540	495	500	1,595
23,087	-	-	-	-	-
-	-	-	-	-	-
<u>23,087</u>	<u>2,902</u>	<u>1,540</u>	<u>495</u>	<u>500</u>	<u>1,595</u>
<u>\$ 23,087</u>	<u>\$ 2,920</u>	<u>\$ 1,540</u>	<u>\$ 495</u>	<u>\$ 500</u>	<u>\$ 1,595</u>

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**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

Continuation

	<u>Special Revenue</u>			Total Non- Major Governmental Funds
	Consolidated State Civil Filing Fee	Court Initiated Guardian/Pro- bate Fund	Sheriff Commissary	
ASSETS				
Cash and cash equivalents	\$ 137	\$ 494	\$ 3,100	\$ 418,751
Prepaid expenses	-	-	-	130
Total assets	<u>\$ 137</u>	<u>\$ 494</u>	<u>\$ 3,100</u>	<u>\$ 418,881</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 395	\$ 8,464
Due to other funds	-	-	-	3,600
Due to other governments	137	-	-	223
Accrued payroll and benefits	-	-	-	16,728
Total liabilities	<u>137</u>	<u>-</u>	<u>395</u>	<u>29,015</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	-	-	-	130
Restricted:				
By enabling legislation for special projects	-	494	2,705	261,505
Special projects	-	-	-	122,036
Committed:				
Special projects	-	-	-	6,195
Total fund balances	<u>-</u>	<u>494</u>	<u>2,705</u>	<u>389,866</u>
Total liabilities and fund balances	<u>\$ 137</u>	<u>\$ 494</u>	<u>\$ 3,100</u>	<u>\$ 418,881</u>

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

	Special Revenue			
	Castro/Swisher Juvenile Probation Department	Centennial Plaza	Hazel Merritt Bequest	Rhoads Memorial Library Donations & Memorials
REVENUES				
Licenses and fees	\$ 600	\$ -	\$ -	\$ -
Intergovernmental	360,923	-	-	916
Interest	1,765	19	368	62
Miscellaneous	14,647	-	-	-
	<u>377,935</u>	<u>19</u>	<u>368</u>	<u>978</u>
Total revenues				
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	-
Public facilities	-	250	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public services	446,890	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>446,890</u>	<u>250</u>	<u>-</u>	<u>-</u>
Total expenditures				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(68,955)</u>	<u>(231)</u>	<u>368</u>	<u>978</u>
OTHER FINANCING SOURCES				
Transfers in	68,000	-	-	-
	<u>68,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources				
NET CHANGE IN FUND BALANCES	(955)	(231)	368	978
FUND BALANCES - BEGINNING	<u>26,636</u>	<u>2,003</u>	<u>40,024</u>	<u>5,998</u>
FUND BALANCES - ENDING	<u>\$ 25,681</u>	<u>\$ 1,772</u>	<u>\$ 40,392</u>	<u>\$ 6,976</u>

Special Revenue

Rhoads Memorial Library	Chapter 19 - Voter Registration	County Judge Excess Salary Supplement	Sheriff's Petty Cash	Sheriff's Special Account	Unclaimed Property
\$ 4,273	\$ -	\$ -	\$ -	\$ -	\$ -
62,000	-	-	-	-	-
418	-	-	22	43	-
3,750	-	189	6,943	5,850	19,336
<u>70,441</u>	<u>-</u>	<u>189</u>	<u>6,965</u>	<u>5,893</u>	<u>19,336</u>
-	-	-	-	-	-
-	-	-	-	-	-
120,585	-	-	-	-	-
-	-	-	6,943	4,625	2,500
-	-	-	-	-	151
-	-	-	-	-	-
1,474	-	-	-	-	-
26	-	-	-	-	-
<u>122,085</u>	<u>-</u>	<u>-</u>	<u>6,943</u>	<u>4,625</u>	<u>2,651</u>
<u>(51,644)</u>	<u>-</u>	<u>189</u>	<u>22</u>	<u>1,268</u>	<u>16,685</u>
<u>62,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>62,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10,356	-	189	22	1,268	16,685
<u>9,974</u>	<u>90</u>	<u>822</u>	<u>2,786</u>	<u>2,660</u>	<u>49,051</u>
<u>\$ 20,330</u>	<u>\$ 90</u>	<u>\$ 1,011</u>	<u>\$ 2,808</u>	<u>\$ 3,928</u>	<u>\$ 65,736</u>

Continued

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

Continuation

Special Revenue

	<u>Check & Sight</u>	<u>Courthouse Security</u>	<u>County Clerk Records Management</u>	<u>County Law Library</u>
REVENUES				
Licenses and fees	\$ -	\$ 7,470	\$ 17,972	\$ 3,990
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>7,470</u>	<u>17,972</u>	<u>3,990</u>
EXPENDITURES				
Current:				
Administrative	-	-	14,144	-
Judicial	1,774	-	-	-
Public facilities	-	204	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,774</u>	<u>204</u>	<u>14,144</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,774)</u>	<u>7,266</u>	<u>3,828</u>	<u>3,990</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,774)</u>	<u>7,266</u>	<u>3,828</u>	<u>3,990</u>
FUND BALANCES - BEGINNING	<u>5,218</u>	<u>29,232</u>	<u>33,689</u>	<u>10,055</u>
FUND BALANCES - ENDING	<u>\$ 3,444</u>	<u>\$ 36,498</u>	<u>\$ 37,517</u>	<u>\$ 14,045</u>

Special Revenue

Constable Law Enforcement Education	Sheriff's Forfeited Funds	County/District Attorney Forfeited Funds	Sheriff Law Enforcement Education	Justice Court Technology	District Clerk Records Archive
\$ -	\$ -	\$ -	\$ 1,539	\$ 3,165	\$ 565
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,539	3,165	565
-	-	-	-	-	-
-	-	3,257	-	1,800	-
-	-	-	-	-	-
1,927	688	-	1,502	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,927	688	3,257	1,502	1,800	-
(1,927)	(688)	(3,257)	37	1,365	565
-	-	-	-	-	-
-	-	-	-	-	-
(1,927)	(688)	(3,257)	37	1,365	565
1,927	804	5,263	2	33,442	7,468
\$ -	\$ 116	\$ 2,006	\$ 39	\$ 34,807	\$ 8,033

Continued

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

Continuation

Special Revenue

	County Clerk Records Archive	County/District Clerk Technology	Courthouse Records Management	Expo Building
REVENUES				
Licenses and fees	\$ 14,580	\$ 722	\$ 562	\$ 5,300
Intergovernmental	-	-	-	-
Interest	-	-	-	33
Miscellaneous	-	-	-	-
Total revenues	<u>14,580</u>	<u>722</u>	<u>562</u>	<u>5,333</u>
EXPENDITURES				
Current:				
Administrative	6,530	-	1,187	-
Judicial	-	-	-	-
Public facilities	-	-	-	4,000
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,530</u>	<u>-</u>	<u>1,187</u>	<u>4,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,050</u>	<u>722</u>	<u>(625)</u>	<u>1,333</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,050	722	(625)	1,333
FUND BALANCES - BEGINNING	<u>21,649</u>	<u>5,758</u>	<u>12,378</u>	<u>2,054</u>
FUND BALANCES - ENDING	<u>\$ 29,699</u>	<u>\$ 6,480</u>	<u>\$ 11,753</u>	<u>\$ 3,387</u>

Special Revenue

Crime Line	Pretrial Diversion	Court Facility Fee	Language Access Fee	County Juror Fund	Court Reporter Fund
\$ 1,430	\$ 2,040	\$ 1,540	\$ 495	\$ 500	\$ 1,595
-	-	-	-	-	-
213	38	-	-	-	-
-	-	-	-	-	-
<u>1,643</u>	<u>2,078</u>	<u>1,540</u>	<u>495</u>	<u>500</u>	<u>1,595</u>
-	-	-	-	-	-
-	7,058	-	-	-	-
-	-	-	-	-	-
1,756	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,756</u>	<u>7,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(113)</u>	<u>(4,980)</u>	<u>1,540</u>	<u>495</u>	<u>500</u>	<u>1,595</u>
-	-	-	-	-	-
-	-	-	-	-	-
(113)	(4,980)	1,540	495	500	1,595
<u>23,200</u>	<u>7,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 23,087</u>	<u>\$ 2,902</u>	<u>\$ 1,540</u>	<u>\$ 495</u>	<u>\$ 500</u>	<u>\$ 1,595</u>

Continued

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

Continuation

	<u>Special Revenue</u>			Total Non-Major Governmental Funds
	Consolidated State Civil Filing Fee	Court Initiated Guardian/Pro- bate Fund	Sheriff Commissary	
REVENUES				
Licenses and fees	\$ -	\$ 494	\$ -	\$ 68,832
Intergovernmental	-	-	-	423,839
Interest	-	-	-	2,981
Miscellaneous	-	-	68,600	119,315
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	494	68,600	614,967
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Administrative	-	-	-	21,861
Judicial	-	-	-	13,889
Public facilities	-	-	-	125,039
Public safety	-	-	65,895	85,836
Road and bridge	-	-	-	151
Public services	-	-	-	446,890
Debt service				
Principal	-	-	-	1,474
Interest	-	-	-	26
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	65,895	695,166
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	494	2,705	(80,199)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	130,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-	130,000
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	-	494	2,705	49,801
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - BEGINNING	-	-	-	340,065
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	\$ -	\$ 494	\$ 2,705	\$ 389,866
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Precinct #1 Road and Bridge Fund	Precinct #2 Road and Bridge Fund	Precinct #3 Road and Bridge Fund	Precinct #4 Road and Bridge Fund	Total Road and Bridge Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 531	\$ 493	\$ 76,234	\$ 434	\$ 77,692
Investments	10,047	9,330	221,739	8,212	249,328
Taxes receivable, net	3,323	3,323	3,323	3,323	13,292
Due from other funds	-	-	58,049	-	58,049
Due from other governmental entities	622	622	622	622	2,488
Prepaid expenses	3,943	4,806	3,886	10,730	23,365
	<u>3,943</u>	<u>4,806</u>	<u>3,886</u>	<u>10,730</u>	<u>23,365</u>
Total assets	<u>\$ 18,466</u>	<u>\$ 18,574</u>	<u>\$ 363,853</u>	<u>\$ 23,321</u>	<u>\$ 424,214</u>
LIABILITIES					
Accounts payable	\$ 890	\$ 148	\$ 11,256	\$ 7,003	\$ 19,297
Due to other funds	6,773	84,594	-	58,049	149,416
Accrued payroll and benefits	11,755	11,503	12,336	9,502	45,096
	<u>11,755</u>	<u>11,503</u>	<u>12,336</u>	<u>9,502</u>	<u>45,096</u>
Total liabilities	<u>19,418</u>	<u>96,245</u>	<u>23,592</u>	<u>74,554</u>	<u>213,809</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,972	2,972	2,972	2,972	11,888
	<u>2,972</u>	<u>2,972</u>	<u>2,972</u>	<u>2,972</u>	<u>11,888</u>
Total deferred inflows of resources	<u>2,972</u>	<u>2,972</u>	<u>2,972</u>	<u>2,972</u>	<u>11,888</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	3,943	4,806	3,886	10,730	23,365
Committed:					
Special projects	-	-	333,403	-	333,403
Unassigned (deficit)	(7,867)	(85,449)	-	(64,935)	(158,251)
	<u>(7,867)</u>	<u>(85,449)</u>	<u>-</u>	<u>(64,935)</u>	<u>(158,251)</u>
Total fund balances (deficit)	<u>(3,924)</u>	<u>(80,643)</u>	<u>337,289</u>	<u>(54,205)</u>	<u>198,517</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,466</u>	<u>\$ 18,574</u>	<u>\$ 363,853</u>	<u>\$ 23,321</u>	<u>\$ 424,214</u>

CASTRO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ROAD AND BRIDGE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Precinct #1	Precinct #2	Precinct #3	Precinct #4	Total Road and
	Road and	Road and	Road and	Road and	Bridge
	Bridge Fund	Bridge Fund	Bridge Fund	Bridge Fund	Governmental
	Fund	Fund	Fund	Fund	Funds
REVENUES					
Property taxes	\$ 212,062	\$ 212,099	\$ 212,117	\$ 212,117	\$ 848,395
Licenses and fees	132,478	132,468	122,283	122,273	509,502
Intergovernmental	6,297	6,297	6,297	6,297	25,188
Interest	873	261	3,703	203	5,040
Miscellaneous	2,975	2,025	2,024	2,025	9,049
Total revenues	<u>354,685</u>	<u>353,150</u>	<u>346,424</u>	<u>342,915</u>	<u>1,397,174</u>
EXPENDITURES					
Current:					
Road and bridge	329,862	292,031	288,037	291,593	1,201,523
Debt Service					
Principal	104,585	74,835	-	51,828	231,248
Interest and other charges	2,063	19,196	-	5,923	27,182
Capital Outlay	209,500	-	-	315,756	525,256
Total expenditures	<u>646,010</u>	<u>386,062</u>	<u>288,037</u>	<u>665,100</u>	<u>1,985,209</u>
EXCESS OF REVENUES					
OVER (UNDER) EXPENDITURES	<u>(291,325)</u>	<u>(32,912)</u>	<u>58,387</u>	<u>(322,185)</u>	<u>(588,035)</u>
OTHER FINANCING SOURCES (USES)					
Initiation of capital leases	209,500	-	-	140,600	350,100
Proceeds from sale of assets	1,263	1,263	1,263	199,773	203,562
Total other financing sources (uses)	<u>210,763</u>	<u>1,263</u>	<u>1,263</u>	<u>340,373</u>	<u>553,662</u>
NET CHANGE IN FUND BALANCES	(80,562)	(31,649)	59,650	18,188	(34,373)
FUND BALANCES - BEGINNING (DEFICIT)	<u>76,638</u>	<u>(48,994)</u>	<u>277,639</u>	<u>(72,393)</u>	<u>232,890</u>
FUND BALANCES - ENDING (DEFICIT)	<u>\$ (3,924)</u>	<u>\$ (80,643)</u>	<u>\$ 337,289</u>	<u>\$ (54,205)</u>	<u>\$ 198,517</u>

FIDUCIARY FUNDS

CUSTODIAL FUNDS

The Custodial Funds account for assets received in the capacity of trustee or agent for the County, other governmental entity or individual.

County Attorney – The County Attorney Fund accounts for the partial payments of restitution and fees associated with the collection of hot checks within the County limits.

County/ District Clerk – The County/District Clerk Fund accounts for registry funds held by the County and District Clerk.

Tax Assessor Collector – The Tax Assessor Collector Fund accounts for money collected by the Tax Assessor Collector and remitted to The State of Texas.

CASTRO COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2022

	County Attorney	County and District Clerk	Tax Assessor Collector	Total
ASSETS				
Cash and cash equivalents	\$ 633	\$ 222,996	\$ 68,527	\$ 292,156
Accounts receivable	-	-	1,241	1,241
Total assets	633	222,996	69,768	293,397
LIABILITIES				
Due to other governments	-	-	69,768	69,768
Total liabilities	-	-	69,768	69,768
NET POSITION				
Restricted for:				
Individuals	633	222,996	-	223,629
Total net position	\$ 633	\$ 222,996	\$ -	\$ 223,629

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

	<u>County Attorney</u>	<u>County and District Clerk</u>	<u>Tax Assessor Collector</u>	<u>Total</u>
Additions				
Tax collections	\$ 18,455	\$ -	\$ -	\$ 18,455
Trust/Escrow contributions	-	100,061	1,870,329	1,970,390
Investment earnings	-	1,098	-	1,098
Total additions	<u>18,455</u>	<u>101,159</u>	<u>1,870,329</u>	<u>1,989,943</u>
Deductions				
Payments to local governments	18,335	-	-	18,335
Trust/Escrow disbursements	-	32,125	1,870,329	1,902,454
Total deductions	<u>18,335</u>	<u>32,125</u>	<u>1,870,329</u>	<u>1,920,789</u>
NET CHANGE IN NET POSITION	120	69,034	-	69,154
NET POSITION - BEGINNING	<u>513</u>	<u>153,962</u>	<u>-</u>	<u>154,475</u>
NET POSITION - ENDING	<u>\$ 633</u>	<u>\$ 222,996</u>	<u>\$ -</u>	<u>\$ 223,629</u>

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PART III
COMPLIANCE



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Castro County, Texas

INDEPENDENT AUDITORS' 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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Castro County, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Castro County, Texas's basic financial statements, and have issued our report thereon dated December 23, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Castro County, Texas's internal control over financial reporting (internal control) as a basis for designing 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 Castro County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Castro County, Texas's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

December 23, 2022