

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

AUSTIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Commissioners' Court
Austin County, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County 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 the County's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
October 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Austin County, we offer readers of Austin County's financial statements this narrative overview and analysis of the financial activities of Austin County for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets and deferred outflows of Austin County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$41,927,586.
- The County's total net position increased by \$4,052,865.
- Unrestricted net position of \$10,203,052 is available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net position of \$18,260,956 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2022, Austin County's governmental funds reported combined ending fund balances of \$25,600,057, a decrease of \$1,633,629 from the prior year.
- Unassigned fund balance for the General Fund was \$15,373,139.

Overview of the Financial Statements

This discussion and analysis is an introduction to Austin County's basic financial statements. The County's basic financial statements encompass three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements provide readers with a broad overview of Austin County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to the direction of the financial position of Austin County.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, debt payments, and earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

A portion of the County's net position, \$13,463,578, reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Austin County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets, net of depreciation, are shown in the chart below.

	2022	2021
Governmental activities:		
CIP	\$ 26,277,357	\$ 23,409,573
Land	823,550	784,790
Buildings and improvements	4,583,019	4,842,929
Machinery and equipment	2,586,659	2,583,448
Infrastructure	7,006,239	7,216,918
Intangible	20,224	26,033
	<u>\$ 41,297,048</u>	<u>\$ 38,863,691</u>

An additional portion of the County's net position, \$12,704,709, represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of \$10,203,052 may be used to meet the County's ongoing obligations to citizens and creditors.

AUSTIN COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2022	2021
REVENUES		
Program revenues:		
Charges for services	\$ 4,778,722	\$ 3,447,136
Operating grants and contributions	3,705,717	4,961,235
Capital grants and contributions	-	884,642
General revenues:		
Property taxes	21,631,521	20,802,292
Sales taxes	2,641,577	2,190,039
Other	51,715	70,016
Investment earnings	173,911	110,833
Miscellaneous	404,913	1,667,393
Gain on sale of capital assets	684,803	-
Total revenues	<u>34,072,879</u>	<u>34,133,586</u>
EXPENSES		
General administration	5,371,722	5,904,445
Legal	547,372	483,733
Judicial	1,576,731	1,354,307
Financial administration	883,929	849,853
Public facilities	1,713,606	1,857,907
Public safety	9,112,011	9,150,645
Public transportation	9,193,410	6,060,999
Culture and recreation	211,403	156,480
Health and welfare	147,597	169,716
Conservation - agriculture	208,809	194,638
Interest and fiscal charges	1,053,424	816,883
Total expenses	<u>30,020,014</u>	<u>26,999,606</u>
CHANGE IN NET POSITION	<u>4,052,865</u>	<u>7,133,980</u>
NET POSITION, BEGINNING	40,204,685	33,070,705
PRIOR PERIOD ADJUSTMENTS	<u>(2,329,964)</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 41,927,586</u>	<u>\$ 40,204,685</u>

Property taxes are collected to support government activity through the General Fund, Road and Bridge funds, and F/M and Lateral Fund. The county tax rate decreased from the prior year. Property tax revenues increased by \$829,229 to \$21,631,521 for the year because of increased values and new developments added to the rolls.

Economic Factors and Next Year's Budgets and Rates

The County of Austin develops a budget to help effectively accomplish the highest priorities and objectives throughout the upcoming October-September fiscal year.

Our fiscal year 2022-2023 budget had a new taxable appraised value of \$5.15 billion, an increase of \$746 million (16.8%) from the previous fiscal year. This increase is due to the continued growth throughout the county, new subdivisions which include multiple properties, and an increase in property values. The total tax rate for fiscal year 2022-2023 adopted by the Commissioners Court for the County of Austin is \$0.4743 per \$100 of assessed valuation, a decrease from total the tax rate of \$0.5223 from prior fiscal year 2021-2022. This tax rate will provide 37.3% of our approximate total \$66.3 million of budgeted expenses and expect the remaining from other revenue sources and beginning fund balance. The general fund budgeted expenses increased in fiscal year 2022-2023 budget to \$26.1 million from \$23 million in prior fiscal year budget. This 13.9% increase in the budget was primarily due to cost of living adjustments to employee wages, additional staff, and the nationwide inflation of maintenance and operations.

The County of Austin was awarded just over \$10 million from the American Rescue Plan Act of 2021 (ARPA). The County has utilized these funds to assist local water districts by funding for projects to upgrade their water systems and better serve our community. The County also assisted local internet providers in an effort to provide broadband connections in our rural areas throughout the County. With ARPA funds the County purchased several road and bridge paving machines which has eliminated the cost of sub-contracting for paving services and minimized the time it takes to complete a paving project. Additionally, among other approved expenses for ARPA funds, the County Commissioners approved two premium payments for our most valued asset, our County Employees.

Requests for Information

This financial report provides an overview of Austin County's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chris Schuchart, Austin County Judge.

**BASIC
FINANCIAL STATEMENTS**

AUSTIN COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General administration	\$ 5,371,722	\$ 477,605	\$ 617,524	\$ (4,276,593)
Legal	547,372	43,604	32,260	(471,508)
Judicial	1,576,731	961,812	83,773	(531,146)
Financial administration	883,929	166,033	-	(717,896)
Public facilities	1,713,606	29,300	-	(1,684,306)
Public safety	9,112,011	1,957,104	570,201	(6,584,706)
Public transportation	9,193,410	1,048,314	2,295,917	(5,849,179)
Culture and recreation	211,403	11,960	158	(199,285)
Health and welfare	147,597	82,990	105,884	41,277
Conservation - agriculture	208,809	-	-	(208,809)
Interest and fiscal charges	1,053,424	-	-	(1,053,424)
Total governmental activities	<u>\$ 30,020,014</u>	<u>\$ 4,778,722</u>	<u>\$ 3,705,717</u>	<u>(21,535,575)</u>

General revenues:

Taxes:

Property 21,631,521

Sales 2,641,577

Other taxes 51,715

Investment earnings 173,911

Miscellaneous 404,913

Gain on sale of capital assets 684,803

Total general revenues 25,588,440

Change in net position 4,052,865

Net position, beginning 40,487,035

Prior period adjustment (2,612,314)

Net position, beginning, restated 37,874,721

Net position, ending \$ 41,927,586

The accompanying notes are an integral part of these financial statements.

F/M and Lateral	Infrastructure Projects	ARP	Other Governmental	Total Governmental Funds
\$ 4,633,831	\$ 392,021	\$ 5,543,224	\$ 1,979,578	\$ 31,962,466
80,169	-	-	-	2,978,392
-	-	-	-	118,483
-	241,900	-	-	584,226
4,714,000	633,921	5,543,224	1,979,578	35,643,567
186,460	24,532	194,325	40,222	1,008,254
-	-	-	8,645	519,709
-	-	-	-	63,899
-	-	5,302,572	-	5,302,572
-	-	-	565,277	584,226
186,460	24,532	5,496,897	614,144	7,478,660
74,595	-	-	-	632,121
-	-	-	-	1,368,911
-	-	-	-	563,818
74,595	-	-	-	2,564,850
-	-	-	-	118,483
-	-	-	594,041	594,041
-	-	-	141,405	141,405
-	609,389	46,327	-	655,716
-	-	-	278,482	278,482
-	-	-	162,479	162,479
-	-	-	663,326	663,326
4,452,945	-	-	-	8,087,285
-	-	-	80,598	80,598
-	-	-	(554,897)	14,818,242
4,452,945	609,389	46,327	1,365,434	25,600,057
\$ 4,714,000	\$ 633,921	\$ 5,543,224	\$ 1,979,578	\$ 35,643,567

AUSTIN COUNTY, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet \$ 25,600,057

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 41,297,048

Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized in the statement of net position.

Accrued interest	\$ (124,895)	
Certificates of obligation	(25,590,000)	
Premium on issuance	(900,998)	
Financing arrangements	(1,190,668)	
Compensated absences	(598,005)	
Deferred gain on refunding	(127,272)	
Deferred outflow related to pensions	2,263,133	
Deferred inflow related to pensions	(7,026,159)	
Net pension asset	<u>5,556,247</u>	
Total long-term liabilities		(27,738,617)

The assets and liabilities of the Internal Service Fund are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. 204,248

Long-term assets are not available to pay for current period expenditures and, therefore are not reported in the funds.

Fines and court costs	1,368,911	
EMS Receivables	563,818	
Property taxes	<u>632,121</u>	
Total long-term assets		<u>2,564,850</u>

Net position of governmental activities \$ 41,927,586

F/M and Lateral Road	Infrastructure Projects	ARP	Other Governmental	Total Governmental Funds
\$ 2,984,333	\$ -	\$ -	\$ 2,189,267	\$ 21,725,272
-	-	-	-	2,641,577
-	-	-	-	51,715
29,987	-	-	-	887,717
29,636	-	530,918	156,627	3,754,752
-	-	-	305,857	1,295,404
-	-	-	18,496	1,388,335
11,900	17,002	40,808	5,310	170,250
6,960	-	-	183,234	775,499
<u>3,062,816</u>	<u>17,002</u>	<u>571,726</u>	<u>2,858,791</u>	<u>32,690,521</u>
-	3,575	-	150,861	5,471,604
-	-	-	81,705	584,046
-	-	-	40,495	1,635,779
-	-	-	-	890,239
-	-	-	-	1,692,613
-	-	-	402,546	9,695,904
3,266,670	-	-	-	8,853,378
-	-	-	4,296	216,216
-	-	-	102,185	147,454
-	-	-	-	213,319
-	2,336,866	530,918	-	2,867,784
181,386	-	-	1,155,000	1,702,315
16,038	-	-	1,027,721	1,072,701
<u>3,464,094</u>	<u>2,340,441</u>	<u>530,918</u>	<u>2,964,809</u>	<u>35,043,352</u>
<u>(401,278)</u>	<u>(2,323,439)</u>	<u>40,808</u>	<u>(106,018)</u>	<u>(2,352,831)</u>
-	-	-	-	719,202
-	-	-	655,287	655,287
-	-	-	(644,287)	(655,287)
-	-	-	11,000	719,202
(401,278)	(2,323,439)	40,808	(95,018)	(1,633,629)
4,854,223	2,932,828	2,922,201	1,460,452	29,846,000
-	-	(2,916,682)	-	(2,612,314)
<u>4,854,223</u>	<u>2,932,828</u>	<u>5,519</u>	<u>1,460,452</u>	<u>27,233,686</u>
<u>\$ 4,452,945</u>	<u>\$ 609,389</u>	<u>\$ 46,327</u>	<u>\$ 1,365,434</u>	<u>\$ 25,600,057</u>

AUSTIN 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 \$ (1,633,629)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 4,221,778	
Depreciation expense	<u>(1,788,421)</u>	
Net adjustment		2,433,357

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments:		
General and certificates of obligations	1,155,000	
Premium on bonds issuance	81,952	
Financing arrangements	518,267	
Notes payable	<u>29,048</u>	
Net adjustment		1,784,267

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Accounts receivable:		
Property taxes	(93,751)	
EMS revenues	334,730	
Fines and court costs	<u>452,915</u>	
Net adjustment		693,894

An Internal Service Fund is used by management to charge the costs of certain activities, such as health insurance premiums, to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities.

47,982

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable, available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized as an expenditure under the modified accrual basis of accounting until due, rather than as it accrues.

Interest on long-term debt	(80,857)	
Compensated absences	(100,555)	
Deferred gain on refunding	18,182	
Pension cost	<u>890,224</u>	
Net adjustment		<u>726,994</u>

Change in net position of governmental activities \$ 4,052,865

AUSTIN COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

OPERATING REVENUES

Charges for services	\$ 2,900,866
Reinsurance	<u>66,104</u>
Total operating revenues	<u>2,966,970</u>

OPERATING EXPENSES

Administrative fees	819,289
Prescriptions and claims	<u>2,103,360</u>
Total operating expenses	<u>2,922,649</u>

OPERATING INCOME (LOSS)

44,321

NONOPERATING REVENUES

Interest and investment earnings	<u>3,661</u>
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CHANGE IN NET POSITION

47,982

TOTAL NET POSITION, BEGINNING

156,266

TOTAL NET POSITION, ENDING

\$ 204,248

The accompanying notes are an integral part of these financial statements.

AUSTIN COUNTY, TEXAS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 2,494,756
Due from other governments	<u>22,054</u>
Total assets	<u>2,516,810</u>
LIABILITIES	
Accounts payable	857,957
Accrued liabilities	5,525
Due to other governments	<u>2,557</u>
Total liabilities	<u>866,039</u>
NET POSITION	
Restricted for individuals, organizations and other governments	<u>1,650,771</u>
Total net position	<u>\$ 1,650,771</u>

The accompanying notes are an integral
part of these financial statements.

AUSTIN COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Austin County, Texas, was organized in 1837. The County operates under a County Judge-Commissioners' Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), environmental protection (sanitation), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. A summary of the significant accounting policies consistently applied in the preparation of financial statements follows:

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Austin 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, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Based upon the foregoing criteria, there are no component units for Austin County.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Net Position or Equity

Cash and Investments

The government'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.

Operating cash is administered using a "pool" concept which combines the monies of most County funds into a single interest-bearing bank account for control purposes. Each fund's portion of this pool is accounted for in the applicable fund. Interest earnings on these deposits are apportioned to each fund based on their end of month balance in the pool. Investments for the County are reported at fair value, except for the position in investment pools.

Receivables and Payables

Interfund activities result from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfers" line on the government-wide statement of activities. The County did not have any transfers in or transfers out during the current fiscal year. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of the government-wide statement of net position.

Delinquent property tax receivables are prorated between the General Fund, FM/Lateral Fund, Road and Bridge Funds, and Debt Service Fund based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables are based on historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance. The County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Other receivables and payables may include amounts due from local, state and federal agencies resulting from excess of expenditures over revenues incurred, accrued liabilities, interest payable, and accrued wages payable. Other receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories and Prepaid Items

Inventories of supplies on hand have not been recorded, as such supplies are of an expendable nature and are expensed when purchased. As these amounts do not seem to fluctuate a great deal from year to year, it is felt that the exclusion of inventories does not materially affect either the financial position or results of operations of these funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court or County Judge.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is 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, as needed, unless Commissioners' Court or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the Commissioners' Court adopted a minimum fund balance policy for the General Fund. The policy requires the County to maintain, at all times, an unassigned fund balance at fiscal year-end of not less than 3 months of regular general fund operating expenditures. The County reported 9 months of unassigned fund balance on September 30, 2022.

Net Position Flow Assumption

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

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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 of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- **Difference in expected and actual pension experience** - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- **Changes in actuarial assumptions** - This difference is deferred and amortized over a closed five-year period.
- **Pension contributions after measurement date** - These contributions are deferred and recognized in the following fiscal year.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the weighted average maturity of the investment portfolios to a maximum of 90 days.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2022, the County's deposit balance was collateralized with securities held by the pledging financial institution and FDIC insurance.

Credit Risk. It is the County's policy, as defined by the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County's investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard & Poor's

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Receivables

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

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>F/M and Lateral</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 580,221	\$ 111,476	\$ 92,246	\$ 783,943
Sales tax	364,352	-	-	364,352
Fines and fees	5,060,612	-	-	5,060,612
EMS	1,879,394	-	-	1,879,394
Less:				
Allowance for Uncollectibles	(5,083,238)	(14,594)	(12,077)	(5,109,909)
Net Total Receivables	<u>\$ 2,801,341</u>	<u>\$ 96,882</u>	<u>\$ 80,169</u>	<u>\$ 2,978,392</u>

Property Taxes

The County's tax year covers the period October 1 through September 30. The County's property taxes are levied annually in October on the basis of the Austin County Appraisal District's assessed values as of January 1 of that calendar year. The appraisal district establishes appraised values at 100% of market value less exemptions. The County's property taxes are billed and collected by the Austin County Tax Assessor-Collector. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Interfund Receivables, Payables and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Infrastructure Projects	Nonmajor Governmental	\$ 222,951
Infrastructure Projects	General Fund	18,949
General Fund	Nonmajor Governmental	<u>342,326</u>
Total		<u>\$ 584,226</u>

All balances of the due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 11,000
Nonmajor Governmental	Nonmajor Governmental	<u>644,287</u>
Total		<u>\$ 655,287</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Long-term Debt

General Obligation Bonds

In prior years, the County has issued General Obligation Bonds to fund various capital projects and capital acquisitions. The bonds are expected to be repaid by pledged property tax revenues and the good faith and credit of the County. Bonds outstanding on September 30, 2022, are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Governmental Activities</u>	
		<u>Original Issuance</u>	<u>Outstanding at 9/30</u>
Series 2018 Refunding	4%-5%	\$ 3,545,000	\$ 2,645,000
Series 2019	3%-5%	9,085,000	8,160,000
Series 2020	3%-5%	<u>15,810,000</u>	<u>14,785,000</u>
Total		<u>\$ 28,440,000</u>	<u>\$ 25,590,000</u>

Annual debt service requirements to maturity for the bonds are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,215,000	\$ 1,863,782
2024	1,275,000	2,181,532
2025	1,345,000	1,831,032
2026	1,415,000	2,187,032
2027	1,490,000	2,189,407
2028-2032	7,080,000	8,750,160
2033-2037	7,370,000	8,714,943
2038-2039	<u>4,400,000</u>	<u>4,603,325</u>
Total	<u>\$ 25,590,000</u>	<u>\$ 32,321,213</u>

Austin County also maintains a self-funded stop/loss health insurance plan for active employees and their eligible dependents. The stop/loss amounts for 2022 are \$100,000 per individual and \$3,042,334 aggregate. Costs are recorded in the fund from which the employees' compensation is paid.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

The County did not report any claims liabilities during the past two years.

Defined Benefit Pension Plan

Plan Description. The County's nontraditional defined benefit pension plan, Texas County and District Retirement System (TCDRS), provides pensions for all of its full-time employees. The TCDRS Board of Trustees is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034 Austin, TX, 78768-2034.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 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 eight 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 their employer.

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 employer 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.

All actuarial assumptions that determined the total pension liability as of December 31, 2021, were based on the results of an actuarial experience study for the period January 1, 2013, through December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumptions was changed for purposes of determining plan liabilities at the March 2022 meeting. All plan liabilities are now valued using a 7.6% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2022 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in 2022. The target allocation and best estimates of geometric real rates return for each major assets 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 All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

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

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed 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.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained at www.tcdrs.org.

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

For the year ended September 30, 2022, the County recognized pension expense of \$(452,740). On September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 223,564	\$ 903,190
Changes in actuarial assumptions	1,271,859	68,867
Difference between projected and actual investment earnings	-	6,054,102
Contributions subsequent to the measurement date	767,710	-
Total	<u>\$ 2,263,133</u>	<u>\$ 7,026,159</u>

\$767,710 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, but before September 30, 2022, will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For The Year Ended September 30	
2023	\$ (1,029,302)
2024	(1,794,056)
2025	(1,444,622)
2026	(1,262,756)

Commitments and Contingencies

Various claims and lawsuits are pending against the County. The evaluation of County management is that any liability to the County relating to such claims and lawsuits will not have a material impact on the County's financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

In addition, the County also participates in several federally assisted grant programs, all of which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by any of the respective grantor agencies or should any other contingency become a liability, funds would have to be appropriated in future County budgets for settlements.

Prior Period Adjustments

In the prior year, the County improperly recognized ARPA revenues upon receipt of the funds before eligible expenditures were incurred. The County has restated the beginning fund balance in this fund and the beginning net position in the government-wide financial statements by \$2,916,682 to account for the prior year overstatement of revenues and understatement of unearned revenue.

Additionally, in the prior year, the County did not accrue the correct twelve months of sales tax revenues and did not reduce the sales tax liability to account for payments withheld per the repayment schedule with the State. As a result, the County has restated the beginning fund balance in the General Fund and the beginning net position in the government-wide financial statements in the amount of \$304,368 to account for the understatement in prior year sales tax revenues.

**REQUIRED
SUPPLEMENTARY INFORMATION**

AUSTIN COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES				
Public facilities				
Buildings and yard	\$ 470,442	\$ 470,442	\$ 455,398	\$ 15,044
Capital repairs	1,034,343	3,891,411	1,210,681	2,680,730
Wendt Street building	56,600	56,600	26,534	30,066
Total public facilities	<u>1,561,385</u>	<u>4,418,453</u>	<u>1,692,613</u>	<u>2,725,840</u>
Public safety				
Constable no. 1	21,571	21,571	19,661	1,910
Constable no. 2	21,421	21,421	21,816	(395)
Constable no. 3	39,843	40,331	42,180	(1,849)
Constable no. 4	39,843	39,950	42,867	(2,917)
Emergency management	66,825	66,825	68,155	(1,330)
EMS	3,209,001	3,209,001	3,064,168	144,833
Jail	2,225,514	2,047,712	1,858,405	189,307
Juvenile probation	145,872	145,872	138,238	7,634
Sheriff	3,864,041	4,021,563	4,037,868	(16,305)
Total public safety	<u>9,633,931</u>	<u>9,614,246</u>	<u>9,293,358</u>	<u>320,888</u>
Culture and recreation				
Knox library	70,019	70,019	59,101	10,918
West end library	60,963	60,963	60,790	173
History and visitor information center	24,300	24,300	23,395	905
	<u>221,825</u>	<u>221,825</u>	<u>68,634</u>	<u>153,191</u>
Total culture and recreation	<u>155,282</u>	<u>155,282</u>	<u>211,920</u>	<u>11,996</u>
Health and Welfare				
County health department	15,537	15,537	5,641	9,896
Other health and child care	35,000	50,000	39,628	10,372
Total health and welfare	<u>50,537</u>	<u>65,537</u>	<u>45,269</u>	<u>20,268</u>
Conservation - Agriculture				
Agriculture extension service	223,796	223,796	213,319	10,477
Total conservation - agriculture	<u>223,796</u>	<u>223,796</u>	<u>213,319</u>	<u>10,477</u>
Debt service				
Principal	-	-	227,472	(227,472)
Interest	-	-	21,941	(21,941)
Total Debt Service	<u>-</u>	<u>-</u>	<u>249,413</u>	<u>(249,413)</u>
Total expenditures	<u>18,936,726</u>	<u>22,364,615</u>	<u>20,010,924</u>	<u>2,353,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(337,776)</u>	<u>(2,187,342)</u>	<u>450,307</u>	<u>2,637,649</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,000	1,000	719,202	718,202
Transfers in (out)	-	-	(11,000)	(11,000)
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>708,202</u>	<u>707,202</u>
NET CHANGE IN FUND BALANCE	<u>(336,776)</u>	<u>(2,186,342)</u>	<u>1,158,509</u>	<u>3,344,851</u>
FUND BALANCE, BEGINNING			14,002,287	
PRIOR PERIOD ADJUSTMENT			304,368	
FUND BALANCE, BEGINNING, RESTATED			<u>14,306,655</u>	
FUND BALANCE, ENDING			<u>\$ 15,465,164</u>	

AUSTIN COUNTY, TEXAS**FM AND LATERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL****FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes:				
Property	\$ 2,938,953	\$ 2,938,953	\$ 2,984,333	\$ 45,380
Licenses and permits	40,000	40,000	29,987	(10,013)
Intergovernmental	26,000	29,635	29,636	1
Interest	18,000	18,000	11,900	(6,100)
Miscellaneous	1,500	1,500	6,960	5,460
Total revenues	<u>3,024,453</u>	<u>3,028,088</u>	<u>3,062,816</u>	<u>34,728</u>
EXPENDITURES				
Public transportation				
Road and Bridge	<u>3,024,453</u>	<u>6,994,745</u>	<u>3,266,670</u>	<u>3,728,075</u>
Total expenditures	<u>3,024,453</u>	<u>6,994,745</u>	<u>3,464,094</u>	<u>3,530,651</u>
NET CHANGE IN FUND BALANCE	-	(3,966,657)	(401,278)	3,565,379
FUND BALANCE, BEGINNING			<u>4,854,223</u>	
FUND BALANCE, ENDING			<u>\$ 4,452,945</u>	

AUSTIN COUNTY, TEXAS

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2022

A. Budgetary Information

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' Court.

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2022 fiscal year were adopted for the General Fund, the F/M and Lateral Fund, and the Road and Bridge Fund.

2018	2017	2016	2015	2014
\$ 1,055,346	\$ 1,028,884	\$ 1,038,798	\$ 918,709	\$ 832,613
2,910,242	2,715,110	2,531,778	2,384,025	2,204,104
-	-	-	(133,185)	-
206,251	113,834	(259,495)	(214,376)	258,063
-	125,600	-	327,037	-
<u>(1,571,921)</u>	<u>(1,628,679)</u>	<u>(1,508,304)</u>	<u>(1,338,866)</u>	<u>(1,087,601)</u>
2,599,918	2,354,749	1,802,777	1,943,344	2,207,179
<u>35,644,225</u>	<u>33,289,476</u>	<u>31,486,699</u>	<u>29,543,355</u>	<u>27,336,176</u>
<u>\$ 38,244,143</u>	<u>\$ 35,644,225</u>	<u>\$ 33,289,476</u>	<u>\$ 31,486,699</u>	<u>\$ 29,543,355</u>
\$ 691,653	\$ 659,993	\$ 686,673	\$ 656,924	\$ 636,162
649,875	626,867	595,627	562,162	519,123
(671,837)	4,618,209	2,201,096	103,366	1,919,505
(1,571,920)	(1,628,679)	(1,508,304)	(1,338,866)	(1,087,601)
(28,105)	(23,891)	(23,932)	(21,387)	(22,071)
<u>(3,106)</u>	<u>(4,866)</u>	<u>5,548</u>	<u>96,664</u>	<u>87,228</u>
(933,440)	4,247,633	1,956,708	58,863	2,052,346
<u>35,924,437</u>	<u>31,676,804</u>	<u>29,720,096</u>	<u>29,661,233</u>	<u>27,608,887</u>
<u>\$ 34,990,997</u>	<u>\$ 35,924,437</u>	<u>\$ 31,676,804</u>	<u>\$ 29,720,096</u>	<u>\$ 29,661,233</u>
<u>\$ 3,253,146</u>	<u>\$ (280,212)</u>	<u>\$ 1,612,672</u>	<u>\$ 1,766,603</u>	<u>\$ (117,878)</u>
91.49%	100.79%	95.16%	94.39%	100.40%
\$ 9,283,934	\$ 8,955,242	\$ 8,508,954	\$ 8,030,891	\$ 7,414,444
35.04%	-3.13%	18.95%	22.00%	-1.59%

AUSTIN COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry age
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 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.

**COMBINING
FUND STATEMENTS**

Special Revenue

Collection Fee / Estray	Courthouse Security	Court Reporter Service	Criminal DA - Hot Check	Language Access	Drug Testing Fee	Crime Stoppers Assistance
<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ 56,424</u>	<u>\$ 13,530</u>	<u>\$ 1,550</u>	<u>\$ 6,702</u>	<u>\$ 635</u>
<u>1,115</u>	<u>-</u>	<u>56,424</u>	<u>13,530</u>	<u>1,550</u>	<u>6,702</u>	<u>635</u>
-	-	-	-	-	-	-
-	8,645	-	-	-	-	-
-	140,279	-	-	-	-	-
<u>-</u>	<u>148,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	1,550	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	56,424	13,530	-	-	-
<u>1,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,702</u>	<u>635</u>
-	-	-	-	-	-	-
-	(148,924)	-	-	-	-	-
<u>1,115</u>	<u>(148,924)</u>	<u>56,424</u>	<u>13,530</u>	<u>1,550</u>	<u>6,702</u>	<u>635</u>
<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ 56,424</u>	<u>\$ 13,530</u>	<u>\$ 1,550</u>	<u>\$ 6,702</u>	<u>\$ 635</u>

Special Revenue

Justice Court Technology	Juvenile Probation Parental Support	Juvenile Restitution	Juvenile Probation Fees	Unclaimed Juvenile Restitution	Juvenile Case Management	Law Library
<u>\$ 3,577</u>	<u>\$ 11,689</u>	<u>\$ 271</u>	<u>\$ 8,563</u>	<u>\$ 3,524</u>	<u>\$ 87,721</u>	<u>\$ 12,406</u>
<u>3,577</u>	<u>11,689</u>	<u>271</u>	<u>8,563</u>	<u>3,524</u>	<u>87,721</u>	<u>12,406</u>
-	-	564	277	-	480	1,321
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>564</u>	<u>277</u>	<u>-</u>	<u>480</u>	<u>1,321</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,577	11,689	-	-	3,524	-	11,085
-	-	-	8,286	-	87,241	-
-	-	-	-	-	-	-
-	-	(293)	-	-	-	-
<u>3,577</u>	<u>11,689</u>	<u>(293)</u>	<u>8,286</u>	<u>3,524</u>	<u>87,241</u>	<u>11,085</u>
<u>\$ 3,577</u>	<u>\$ 11,689</u>	<u>\$ 271</u>	<u>\$ 8,563</u>	<u>\$ 3,524</u>	<u>\$ 87,721</u>	<u>\$ 12,406</u>

Special Revenue							
Special Library: W. E. Library	Tax Increment Finance Zone No. 1	Tobacco Litigation Settlement	Tire Collection Event	Traffic Fees / Justice Court	County Jury	Court Facility Fee	Video / Court Costs
\$ 35,703	\$ -	\$ 287,915	\$ -	\$ 36,260	\$ 3,991	\$ 8,162	\$ 7,575
<u>35,703</u>	<u>-</u>	<u>287,915</u>	<u>-</u>	<u>36,260</u>	<u>3,991</u>	<u>8,162</u>	<u>7,575</u>
-	-	34,759	-	-	-	-	-
-	-	-	-	-	-	-	-
-	87,441	-	13,240	-	-	-	-
<u>-</u>	<u>87,441</u>	<u>34,759</u>	<u>13,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	253,156	-	-	-	-	-
-	-	-	-	-	3,991	8,162	-
-	-	-	-	36,260	-	-	7,575
35,703	-	-	-	-	-	-	-
-	(87,441)	-	(13,240)	-	-	-	-
<u>35,703</u>	<u>(87,441)</u>	<u>253,156</u>	<u>(13,240)</u>	<u>36,260</u>	<u>3,991</u>	<u>8,162</u>	<u>7,575</u>
\$ 35,703	\$ -	\$ 287,915	\$ -	\$ 36,260	\$ 3,991	\$ 8,162	\$ 7,575

<u>Capital Projects</u>	
<u>Tax Road</u>	
Bonds	Total
Series	Nonmajor
2009	Governmental
<u>\$ 19,318</u>	<u>\$ 1,979,578</u>
<u>19,318</u>	<u>1,979,578</u>
-	40,222
-	8,645
<u>132,501</u>	<u>565,277</u>
<u>132,501</u>	<u>614,144</u>
-	594,041
-	141,405
-	278,482
-	162,479
-	663,326
-	80,598
<u>(113,183)</u>	<u>(554,897)</u>
<u>(113,183)</u>	<u>1,365,434</u>
<u>\$ 19,318</u>	<u>\$ 1,979,578</u>

Special Revenue

Collection Fee / Estray	Courthouse Security	Court Reporter Service	Criminal DA - Hot Check	Language Access	Environmental	Crime Stoppers Assistance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	21,292	12,498	43,604	1,550	-	40
-	-	-	-	-	10,465	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,292	12,498	43,604	1,550	10,465	40
-	-	-	-	-	-	-
-	-	-	-	-	6,238	-
-	-	18,647	42,961	-	-	-
-	-	-	-	-	-	-
-	170,999	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	170,999	18,647	42,961	-	6,238	-
-	-	-	-	-	-	-
-	(149,707)	(6,149)	643	1,550	4,227	40
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(149,707)	(6,149)	643	1,550	4,227	40
1,115	783	62,573	12,887	-	2,475	595
\$ 1,115	\$ (148,924)	\$ 56,424	\$ 13,530	\$ 1,550	\$ 6,702	\$ 635

Special Revenue

Justice Court Technology	Juvenile Probation Parental Support	Juvenile Restitution	Juvenile Probation Fees	Unclaimed Juvenile Restitution	Juvenile Case Management	Law Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	75	-	-	-	125	-
1,330	-	-	8,868	-	-	26,935
-	-	516	-	3,524	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,330</u>	<u>75</u>	<u>516</u>	<u>8,868</u>	<u>3,524</u>	<u>125</u>	<u>26,935</u>
-	-	-	-	-	-	-
5,786	-	-	-	-	-	-
-	-	-	-	-	527	39,968
-	-	809	582	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,786</u>	<u>-</u>	<u>809</u>	<u>582</u>	<u>-</u>	<u>527</u>	<u>39,968</u>
<u>(4,456)</u>	<u>75</u>	<u>(293)</u>	<u>8,286</u>	<u>3,524</u>	<u>(402)</u>	<u>(13,033)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(4,456)	75	(293)	8,286	3,524	(402)	(13,033)
<u>8,033</u>	<u>11,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,643</u>	<u>24,118</u>
<u>\$ 3,577</u>	<u>\$ 11,689</u>	<u>\$ (293)</u>	<u>\$ 8,286</u>	<u>\$ 3,524</u>	<u>\$ 87,241</u>	<u>\$ 11,085</u>

Special Revenue							
Special Library: W. E. Library	Tax Increment Finance Zone No. 1	Tobacco Litigation Settlement	Tire Collection Event	Traffic Fees / Justice Court	County Jury	Court Facilities Fee	Video / Court Costs
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	105,884	-	-	-	-	-
-	-	-	-	625	-	8,162	320
-	-	-	-	-	3,991	-	-
-	-	-	-	-	-	-	-
3,790	-	-	-	-	-	-	-
<u>3,790</u>	<u>-</u>	<u>105,884</u>	<u>-</u>	<u>625</u>	<u>3,991</u>	<u>8,162</u>	<u>320</u>
-	86,680	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	61,322	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>86,680</u>	<u>61,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,790	(86,680)	44,562	-	625	3,991	8,162	320
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,790	(86,680)	44,562	-	625	3,991	8,162	320
<u>31,913</u>	<u>(761)</u>	<u>208,594</u>	<u>(13,240)</u>	<u>35,635</u>	<u>-</u>	<u>-</u>	<u>7,255</u>
<u>\$ 35,703</u>	<u>\$ (87,441)</u>	<u>\$ 253,156</u>	<u>\$ (13,240)</u>	<u>\$ 36,260</u>	<u>\$ 3,991</u>	<u>\$ 8,162</u>	<u>\$ 7,575</u>

<u>Capital Projects</u>	
<u>Tax Road</u>	
<u>Bonds</u>	<u>Total</u>
<u>Series</u>	<u>Nonmajor</u>
<u>2009</u>	<u>Governmental</u>
\$ 627,694	\$ 2,189,267
-	156,627
-	305,857
-	18,496
-	5,310
-	183,234
<u>627,694</u>	<u>2,858,791</u>
611	150,861
-	81,705
-	40,495
-	402,546
-	4,296
-	102,185
325,000	1,155,000
<u>304,733</u>	<u>1,027,721</u>
<u>630,344</u>	<u>2,964,809</u>
<u>(2,650)</u>	<u>(106,018)</u>
644,287	655,287
-	(644,287)
<u>644,287</u>	<u>11,000</u>
641,637	(95,018)
<u>(754,820)</u>	<u>1,460,452</u>
<u>\$ (113,183)</u>	<u>\$ 1,365,434</u>

Custodial Funds								Total Custodial Funds
District Clerk	County Clerk	Tax Assessor Collector	Sheriff's Office Pending	CDA Pending	Jail Inmate Welfare	Jail Inmate Trust	Insurance Trust	
\$ 887,706	\$ 441,923	\$ 855,911	\$ 15,561	\$ 114,493	\$ 58,919	\$ 14,003	\$ 1,382	\$ 2,494,756
-	-	-	-	-	-	-	-	22,054
<u>887,706</u>	<u>441,923</u>	<u>855,911</u>	<u>15,561</u>	<u>114,493</u>	<u>58,919</u>	<u>14,003</u>	<u>1,382</u>	<u>2,516,810</u>
-	-	855,911	-	-	-	-	-	857,957
-	-	-	-	-	-	-	-	5,525
-	-	-	-	-	-	-	-	2,557
<u>-</u>	<u>-</u>	<u>855,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>866,039</u>
<u>887,706</u>	<u>441,923</u>	<u>-</u>	<u>15,561</u>	<u>114,493</u>	<u>58,919</u>	<u>14,003</u>	<u>1,382</u>	<u>1,650,771</u>
<u>\$ 887,706</u>	<u>\$ 441,923</u>	<u>\$ -</u>	<u>\$ 15,561</u>	<u>\$ 114,493</u>	<u>\$ 58,919</u>	<u>\$ 14,003</u>	<u>\$ 1,382</u>	<u>\$ 1,650,771</u>

Custodial Funds								Total Custodial Funds
District Clerk	County Clerk	Tax Assessor Collector	Sheriff's Office Pending	CDA Pending	Jail Inmate Welfare	Jail Inmate Trust	Insurance Trust	
\$ 3,110	\$ 2,437	\$ -	\$ 161	\$ 815	\$ -	\$ -	\$ -	\$ 7,097
687,124	812,253	5,730,450	-	30,727	-	-	-	7,260,564
-	-	-	-	-	59,594	225,750	-	287,185
-	-	-	-	-	-	-	2,090,734	2,300,427
<u>690,234</u>	<u>814,690</u>	<u>5,730,450</u>	<u>161</u>	<u>31,542</u>	<u>59,594</u>	<u>225,750</u>	<u>2,090,734</u>	<u>9,855,273</u>
609,874	1,915,471	6,554,193	19,607	9,472	40,409	218,374	2,080,681	11,492,218
-	-	-	-	-	-	-	30,165	241,886
<u>609,874</u>	<u>1,915,471</u>	<u>6,554,193</u>	<u>19,607</u>	<u>9,472</u>	<u>40,409</u>	<u>218,374</u>	<u>2,110,846</u>	<u>11,734,104</u>
<u>80,360</u>	<u>(1,100,781)</u>	<u>(823,743)</u>	<u>(19,446)</u>	<u>22,070</u>	<u>19,185</u>	<u>7,376</u>	<u>(20,112)</u>	<u>(1,878,831)</u>
<u>807,346</u>	<u>1,542,704</u>	<u>823,743</u>	<u>35,007</u>	<u>92,423</u>	<u>39,734</u>	<u>6,627</u>	<u>21,494</u>	<u>3,529,602</u>
<u>\$ 887,706</u>	<u>\$ 441,923</u>	<u>\$ -</u>	<u>\$ 15,561</u>	<u>\$ 114,493</u>	<u>\$ 58,919</u>	<u>\$ 14,003</u>	<u>\$ 1,382</u>	<u>\$ 1,650,771</u>

SINGLE AUDIT SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable County Judge and
Commissioners' Court
Bellville, Texas

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 Austin County, Texas (the "County"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 7, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County'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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

Honorable County Judge and
Commissioners' Court
Bellville, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Austin County, Texas' (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2022. The County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
October 7, 2025

AUSTIN COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of Austin County, Texas. The County's reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. INDIRECT COSTS

The County has not elected to use the de minimis indirect cost rate as allowed in the *Uniform Guidance*, Section 414.

AUSTIN COUNTY, TEXAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Section II. Financial Statement Findings

Item 2022-001 – Material Weakness

Criteria

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. This system ensures the accuracy, completeness, and reliability of the financial statements.

Condition

Material revenues were recognized in the financial statements in a prior period that should have been recognized in the current year. This required a restatement of the financial statements to correct the error.

Effect

Beginning net position in the governmental activities and the beginning fund balance in the ARP Fund were overstated and revenues in the ARP fund were understated by \$2,916,682 for the year ended September 30, 2022.

Recommendation

Management should perform a year-end review of the grant conditions and awards to ensure that revenue is recognized in the appropriate reporting period.

Management's Response

Management acknowledges the audit finding and immediately corrected the general ledger. Management will enhance their year-end review of grant revenues accordingly.

*Records have when
we spend it*

Item 2022-002 - Material Weakness

Criteria

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. This system ensures the accuracy, completeness, and reliability of the financial statements.

Condition

Sales tax revenues were not properly accrued.

Effect

Beginning net position in the governmental activities and the beginning fund balance in the General Fund were understated by \$304,368. Revenues were understated by \$100,449 in the General Fund and governmental activities.

Recommendation

Management should implement a system of controls to ensure that the financial information reported for a certain fiscal period is complete and accurate.

Management's Response

The County immediately corrected the issue on the general ledger by posting revenue accruals at year-end. The County will also incorporate a review of these revenue accounts at year-end, as part of the audit preparation process.

*2 month
Annual*

AUSTIN COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Item 2021-001 District Clerk/County Clerk

Criteria: As per Attorney General Opinion, no officers are to maintain fine and fee accounts.

Condition: District Clerk/County Clerk – We noted the County Clerk and District Clerk are still maintaining the fine and fee accounts.

Cause of Condition: This condition exists because of oversight by the County and District Clerk.

Effect: Since the County Clerk and District Clerk are still maintaining the fine and fee accounts, the financial statements could be materially misstated either through mistake, error, or fraud.

Recommendation: We recommend that all fine and fee bank accounts be maintained by the Treasurer; or that all fine and fee monies be deposited with the Treasurer; to avoid the possibility of the financial statements being materially misstated either through mistake, error, or fraud.

Current Status: This matter has been resolved.