

**POTTER COUNTY, TEXAS**

**Annual Comprehensive  
Financial Report**

**For the Year Ended  
September 30, 2022**

POTTER COUNTY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR YEAR ENDED SEPTEMBER 30, 2022

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## **INTRODUCTORY SECTION**

**POTTER COUNTY, TEXAS  
PRINCIPAL COUNTY OFFICIALS  
SEPTEMBER 30, 2022**

Nancy Tanner	County Judge
H.R. Kelly	Commissioner, Precinct #1
Robert Ruiz	Commissioner, Precinct #2
John Coffee	Commissioner, Precinct #3
Alphonso Vaughn	Commissioner, Precinct #4
Dee Johnson	Judge, 47 <sup>th</sup> District Court
Douglas Woodburn	Judge, 108 <sup>th</sup> District Court
Titiana Frausto	Judge, 181 <sup>st</sup> District Court
Ana Estevez	Judge, 251 <sup>st</sup> District Court
Pamela C. Sirmon	Judge, 320 <sup>th</sup> District Court
Walt Weaver	Judge, County Court-at-Law #1
Matt Hand	Judge, County Court-at-Law #2
Randall Sims	District Attorney
Stephanie Menke	District Clerk
Scott Brumley	County Attorney
Julie Smith	County Clerk
Sherri Aylor	County Tax Assessor/Collector
Leann Jennings	County Treasurer
Brian Thomas	County Sheriff
Debbie Horn	Justice of the Peace, Precinct #1
Robert Taylor	Justice of the Peace, Precinct #2
Gary Jackson	Justice of the Peace, Precinct #3
Thomas Jones	Justice of the Peace, Precinct #4
Darryl Wertz	Constable, Precinct #1
Georgia Estrada	Constable, Precinct #2
Robert Parker	Constable, Precinct #3
Idella Jackson	Constable, Precinct #4
Chris Lonning	Purchasing Agent
Jack Dossett	County Auditor

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## **FINANCIAL SECTION**





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

## INDEPENDENT AUDITORS' REPORT

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Potter County, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Potter 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, the business-type activities, each major fund, and the aggregate remaining fund information of Potter County, Texas, 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 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 Potter 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 Potter 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted

in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Potter 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 Potter 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 management's discussion and analysis (pages 4 – 12), the budgetary comparison schedules for the major governmental funds, the Schedule of Changes in Net Pension Liability and Related Ratios; the Schedule of Employer Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios (pages 59 – 63) 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Potter County, Texas's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual

nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023, on our consideration of Potter 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 Potter 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 Potter County, Texas's internal control over financial reporting and compliance.

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

March 20, 2023

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## **BASIC FINANCIAL STATEMENTS**

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

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 99,957,995
Receivables (net of allowances for uncollectible):	
Taxes	658,893
Accounts	2,162,678
Due from other governments	932,644
Prepaid items	1,517,476
Total current assets	105,229,686
Noncurrent assets:	
Net pension asset	10,120,375
Capital assets:	
Land	4,911,954
Roads and bridges	39,686,827
Buildings and improvements	100,737,680
Furniture and equipment	24,775,037
Leased equipment	3,726,070
Construction in progress	50,928,157
Total capital assets	224,765,725
Less accumulated depreciation	(85,683,770)
Total noncurrent assets	149,202,330
Total assets	254,432,016
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension contributions	3,813,503
Pension economic/demographic losses	39,776
Pension assumption changes	6,365,892
OPEB assumption changes	629,395
Total deferred outflows of resources	10,848,566

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

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

Continuation	<b>LIABILITIES</b>	<u>Governmental Activities</u>
Current liabilities:		
Accounts payable		\$ 6,680,301
Accrued payroll		723,666
Unearned revenue		70,125
Due to other governments		103,359
Bonds payable, current		3,060,000
Capital lease payable, current		442,379
Compensated absences, current		214,300
Accrued interest		<u>410,942</u>
Total current liabilities		<u>11,705,072</u>
Noncurrent liabilities:		
Bonds payable and net issuance premiums		67,995,280
Capital lease payable		2,298,621
Compensated absences		1,928,761
Total other post employment benefit liability		<u>2,724,255</u>
Total noncurrent liabilities		<u>74,946,917</u>
Total liabilities		<u>86,651,989</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension economic/demographic gains		1,320,633
Pension excess earnings		27,816,853
Pension assumption changes		270,010
OPEB economic/demographic gains		1,312,510
OPEB assumption changes		<u>967,292</u>
Total deferred inflows of resources		<u>31,687,298</u>
<b>NET POSITION</b>		
Net investment in capital assets		83,184,089
Restricted for:		
Debt service		2,926,849
By enabling legislation for:		
Special projects		37,340,721
Unrestricted		<u>23,489,636</u>
Total net position		<u>\$ 146,941,295</u>

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

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

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenue and Changes in Net Position</b>
<b>Primary Government:</b>					<b>Primary Governmental Activities</b>
Governmental activities:					
Administrative	\$ 8,316,689	\$ 695,275	\$ 11,486,884	\$ -	\$ 3,865,470
Judicial	15,541,504	1,958,755	1,799,227	-	(11,783,522)
Elections	1,151,352	7,940	6,206	669,462	(467,744)
Public facilities	4,076,037	-	-	-	(4,076,037)
Public safety	19,554,877	960,858	2,437,235	-	(16,156,784)
Corrections and rehabilitation	11,646,587	-	188,416	-	(11,458,171)
Road and bridge	2,954,624	2,165,177	19,033	192,808	(577,606)
Health and human services	874,183	1,350	268,136	-	(604,697)
Interest on long-term debt	2,458,367	-	-	-	(2,458,367)
<b>Total</b>	<b>\$ 66,574,220</b>	<b>\$ 5,789,355</b>	<b>\$ 16,205,137</b>	<b>\$ 862,270</b>	<b>(43,717,458)</b>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					54,096,271
Property taxes, levied for debt service					4,602,971
Payments in lieu of taxes					105,593
Mixed beverage taxes					775,842
Sales tax					4,750,508
Investment earnings					900,475
Miscellaneous					2,312,195
					<b>67,543,855</b>
					<b>23,826,397</b>
					123,020,065
					94,833
					<b>123,114,898</b>
					<b>\$ 146,941,295</b>

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

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

	<b>General</b>	<b>District Courts Building</b>	<b>American Rescue Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,549,126	\$ 17,898,413	\$ 22,571,225
Taxes receivable, net	607,204	-	-
Due from other funds	22,268	-	-
Due from other governments	103,359	-	-
Other receivables	2,151,310	-	-
Prepaid items	1,486,106	-	-
Total assets	\$ 38,919,373	\$ 17,898,413	\$ 22,571,225
<b>LIABILITIES</b>			
Accounts payable	\$ 1,438,354	\$ 4,295,622	\$ 71,466
Due to other funds	12,919	-	-
Due to other governments	103,359	-	-
Accrued payroll	675,553	-	-
Unearned revenue	70,125	-	-
Total liabilities	2,300,310	4,295,622	71,466
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	323,854	-	-
Unavailable revenue-receivables	1,041,537	-	-
Total deferred inflows of resources	1,365,391	-	-
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	1,486,106	-	-
Restricted for:			
Debt service	-	-	-
Capital projects	-	13,602,791	-
Special projects	505,294	-	-
Administrative	-	-	22,499,759
Judicial	-	-	-
Elections	-	-	-
Public safety	-	-	-
Drug court programs	41,929	-	-
Preservation and restoration of county records	283,410	-	-
Law enforcement continuing education	15,635	-	-
Bail bond board	45,095	-	-
Victim assistance contributions	19,714	-	-
State criminal alien assistance program	143,301	-	-
Assigned to:			
Capital projects	561,580	-	-
Unassigned (deficit)	32,151,608	-	-
Total fund balances	35,253,672	13,602,791	22,499,759
Total liabilities, deferred inflows of resources, and fund balances	\$ 38,919,373	\$ 17,898,413	\$ 22,571,225

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 21,077,967	\$ 96,096,731
51,689	658,893
38,660	60,928
829,285	932,644
8,806	2,160,116
31,370	1,517,476
<u>\$ 22,037,777</u>	<u>\$ 101,426,788</u>
\$ 453,331	\$ 6,258,773
48,009	60,928
-	103,359
48,113	723,666
-	70,125
<u>549,453</u>	<u>7,216,851</u>
27,568	351,422
-	1,041,537
<u>27,568</u>	<u>1,392,959</u>
31,370	1,517,476
2,926,849	2,926,849
-	13,602,791
-	505,294
8,554,858	31,054,617
1,559,742	1,559,742
364,713	364,713
3,307,271	3,307,271
-	41,929
-	283,410
-	15,635
-	45,095
-	19,714
-	143,301
4,815,651	5,377,231
(99,698)	32,051,910
<u>21,460,756</u>	<u>92,816,978</u>
<u>\$ 22,037,777</u>	<u>\$ 101,426,788</u>

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

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**POTTER 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	\$	92,816,978
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		139,081,955
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,392,959
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 the Net Position.		10,120,375
Long-term liabilities, including bonds payable, capital lease payable, accrued interest, net pension liability, total other post employment benefit liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(79,074,538)
Pension and OPEB losses, deficit earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements:		
Pension economic/demographic losses		39,776
Pension assumption changes		6,365,892
OPEB assumption changes		629,395
Pension and OPEB gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements:		
Pension economic/demographic gains		(1,320,633)
Pension excess earnings		(27,816,853)
Pension assumption changes		(270,010)
OPEB economic/demographic gains		(1,312,510)
OPEB assumption changes		(967,292)
Pension and OPEB 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:		
Pension contributions		3,813,503
The internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		3,442,298
Net Position of Governmental Activities in the Statement of Net Position	\$	146,941,295

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

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

	<u>General</u>	<u>District Courts Building</u>	<u>American Rescue Fund</u>
<b>REVENUES</b>			
Taxes	\$ 54,222,370	\$ -	\$ -
Sales and miscellaneous taxes	881,435	-	-
Licenses and fees	4,364,597	-	-
Fines and forfeitures	624,341	-	-
Intergovernmental	2,426,417	-	11,403,244
Interest	335,505	185,951	146,269
Miscellaneous	1,615,646	-	-
Total revenues	<u>64,470,311</u>	<u>185,951</u>	<u>11,549,513</u>
<b>EXPENDITURES</b>			
Current:			
Administrative	7,344,149	-	458,466
Judicial	16,462,806	-	-
Elections	576,357	-	-
Public facilities	2,678,377	-	-
Public safety	12,414,555	-	-
Corrections and rehabilitation	13,092,451	-	-
Road and bridge	2,499,876	-	-
Health and human services	953,765	-	-
Capital outlay	2,424,684	32,941,989	-
Debt service:			
Principal	493,763	-	-
Interest	35,437	-	-
Total expenditures	<u>58,976,220</u>	<u>32,941,989</u>	<u>458,466</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,494,091</u>	<u>(32,756,038)</u>	<u>11,091,047</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Initiation of capital leases	2,353,251	-	-
Transfers in	-	1,250,000	-
Transfers out	(5,702,422)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,349,171)</u>	<u>1,250,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,144,920	(31,506,038)	11,091,047
<b>FUND BALANCES - BEGINNING</b>	<u>33,108,752</u>	<u>45,108,829</u>	<u>11,408,712</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 35,253,672</u>	<u>\$ 13,602,791</u>	<u>\$ 22,499,759</u>

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,616,004	\$ 58,838,374
4,750,508	5,631,943
815,511	5,180,108
-	624,341
3,044,939	16,874,600
200,736	868,461
712,160	2,327,806
<u>14,139,858</u>	<u>90,345,633</u>
722,742	8,525,357
244,503	16,707,309
575,203	1,151,560
102,817	2,781,194
7,117,580	19,532,135
-	13,092,451
-	2,499,876
-	953,765
2,150,094	37,516,767
2,920,000	3,413,763
2,558,459	2,593,896
<u>16,391,398</u>	<u>108,768,073</u>
<u>(2,251,540)</u>	<u>(18,422,440)</u>
-	2,353,251
5,702,422	6,952,422
<u>(1,250,000)</u>	<u>(6,952,422)</u>
<u>4,452,422</u>	<u>2,353,251</u>
2,200,882	(16,069,189)
19,259,874	108,886,167
<u>\$ 21,460,756</u>	<u>\$ 92,816,978</u>

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

**POTTER 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	\$	(16,069,189)
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.		33,061,280
The net effect of other transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net changes in fund balance.		108,486
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(139,147)
Internal service fund is used to account for the health self-insurance program of the County. The net income of certain activities of internal service funds is reported with governmental activities.		(41,267)
The issuance of long term debt provides current financial resources to governmental funds, while repayment of long term debt principal consumes current financial resources of governmental funds. Governmental funds report the effect of premiums and discounts when debt is first issued; these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long term debt.		1,208,981
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		<u>5,697,253</u>
Change in net position of governmental activities	\$	<u><u>23,826,397</u></u>

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



**POTTER COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2022**

	<u>Governmental Activities Internal Service Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,861,264
Receivables	<u>2,562</u>
Total current assets /total assets	<u><u>\$ 3,863,826</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable - claims	<u>\$ 421,528</u>
Total current liabilities/total liabilities	<u>421,528</u>
<b>NET POSITION</b>	
Unrestricted	<u>3,442,298</u>
Total liabilities and net position	<u><u>\$ 3,863,826</u></u>

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

**POTTER COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Governmental Activities Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Healthcare contributions	\$ 7,516,309
Total operating revenues	<u>7,516,309</u>
<b>OPERATING EXPENSES</b>	
Operating expenses	<u>7,589,590</u>
Total operating expenses	<u>7,589,590</u>
<b>NET OPERATING INCOME (LOSS)</b>	(73,281)
<b>NON-OPERATING REVENUES</b>	
Interest	<u>32,014</u>
<b>CHANGE IN NET POSITION</b>	(41,267)
<b>TOTAL NET POSITION - BEGINNING</b>	<u>3,483,565</u>
<b>TOTAL NET POSITION - ENDING</b>	<u><u>\$ 3,442,298</u></u>

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

**POTTER COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Governmental Activities Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from internal services provided	\$ 7,513,747
Payments for claims	<u>(7,366,391)</u>
Net cash provided by operating activities	<u>146,356</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Changes in interfund receivables/payables	<u>(28)</u>
Net cash used by noncapital financing activities	<u>(28)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest from cash deposits	<u>32,014</u>
Net cash provided by investing activities	<u>32,014</u>
<b>NET INCREASE IN CASH</b>	178,342
<b>CASH, BEGINNING</b>	<u>3,682,922</u>
<b>CASH, ENDING</b>	<u><u>\$ 3,861,264</u></u>
<b>RECONCILIATION OF OPERATING INCOME / (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net operating loss	\$ (73,281)
Adjustments to reconcile net operating income / (loss) to net cash flows from operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(2,562)
Increase (decrease) in accounts payable	<u>222,199</u>
Net cash provided by operating activities	<u><u>\$ 146,356</u></u>

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

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

	<b>ASSETS</b>	Custodial Funds
Cash and cash equivalents		\$ 9,450,634
Accounts receivable		55,132
Total assets		9,505,766
	<b>LIABILITIES</b>	
Accounts payable		353,843
Due to other governments		2,537,012
Total liabilities		2,890,855
	<b>NET POSITION</b>	
Restricted for:		
Individuals		6,614,911
Total net position		\$ 6,614,911

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

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

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Tax and fee collections for other governments	\$ 266,123,249
Receipt of amounts held for benefit of others	<u>5,119,134</u>
Total additions	<u>271,242,383</u>
<b>DEDUCTIONS</b>	
Payments of taxes and fees to other governments	266,169,231
Payments of amounts held for benefit of others	<u>3,098,680</u>
Total deductions	<u>269,267,911</u>
<b>NET INCREASE IN FIDUCIARY NET POSITION</b>	1,974,472
<b>NET POSITION - BEGINNING</b>	<u>4,640,439</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 6,614,911</u></u>

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Potter County, Texas (the County) included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County’s Basic Financial Statements.

**A. Financial Reporting Entity**

Potter County, Texas is a public corporation and political subdivision of the State of Texas. The Commissioners’ Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, tax and recording (e.g. tax collection), judicial (courts, juries, etc.), legal (district attorney, county attorney, etc.) public safety (sheriff, jail, etc.), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

The County’s basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County’s reporting entity, as set forth in GASB Statement No. 14, as amended, “The Financial Reporting Entity,” include whether:

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization’s board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14, as amended, requires inclusion of such an organization as a component unit when 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) the County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

**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 and its component units. 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-like activities*, which rely to a significant extent on fees and charges for support.

Continued

**POTTER 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

Likewise, the *primary government* is reported separately from certain legally separate *component unit* for which the primary government is financially accountable. The County has no business-like activities, except the internal service fund.

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.

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. Principal and interest on governmental long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. 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.

All proprietary funds, including internal service and 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.

Continued

**POTTER 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**

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.

Funds are classified into three categories: Governmental, Proprietary and Fiduciary.

The County reports the following major governmental funds:

**General Fund** – The *General Fund* is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**District Courts Building** – The *District Courts Building Fund* accounts for the financial resources to be used for the acquisition and construction of the new District Courts Building, including demolition of the existing facility and parking.

**American Rescue** – The *American Rescue Fund* accounts for funds received through the various federal agencies passed through the State of Texas. The pass-thru grant was used to reimburse the County for incurred costs as well as purchase qualified equipment related to the COVID-19 pandemic.

Additionally, the County reports the following governmental fund types:

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

**Debt Service Funds** – The *Debt Service Funds* account 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.

Proprietary Fund Types:

**Internal Service Fund** – The *Internal Service Fund* accounts for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. The internal service fund is used to account for the provision of health insurance to employees of the County. The general fund is contingently liable for liabilities of this fund. Because the principal users of the internal services are the County’s governmental activities, this fund type is included in the “Governmental Activities” column of the government-wide financial statements.

Fiduciary Fund Types:

**Custodial Funds** – *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.

Continued



**POTTER 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**

The County's *Custodial Funds* consist of amounts collected by the individual County fee offices for state court costs, state vehicle registration fees, victim restitution payments, merchant hot check fees, inmate trust funds, and District and County Clerk trust beneficiaries.

All of the County's fiduciary funds are custodial funds and are reported in the custodial fund financial statements. However, because their assets are held in an agent capacity and therefore not available to support County programs, these funds are not included in the government-wide statements.

**C. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, government securities, money market funds, and the Texas Local Government Investment Pool. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

The County records investments at fair value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance. Deposit and Investment Risk Disclosures are in accordance with GASB Statement No. 40.

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.

**D. Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is equal to 71 percent of outstanding property taxes at September 30, 2022.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

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

Continued

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**E. 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”.

**F. Inter-fund Transactions**

During the course of normal operations, the County has many transactions between funds. The accompanying fund level financial statements reflect as transfers the resources provided and expenditures used to provide services, construct assets and meet employee health claims in excess of budgeted amounts. Inter-fund services provided and used are not eliminated in the government-wide presentation. The effect of all other inter-fund activity has been eliminated in the government-wide financial statements.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and 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 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

Buildings, plant, equipment and infrastructure are depreciated using the straight-line method over the following useful lives:

Assets	Years
Infrastructure (roads and bridges)	15 – 50
Buildings and improvements	40
Vehicles	5 – 15
Furniture and equipment	5

Continued

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**H. 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 government reports the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, the government reports deferred amounts related to the pension plan and the other post-employment benefits reported in the government-wide statement of net position. These deferred amounts include pension and OPEB contributions, economic/demographic losses, assumption changes and deficient earnings.

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 governmental fund has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the 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. Additionally, the government reports deferred amounts related to the pension plan and the other post-employment benefits reported in the government-wide statement of net position. These deferred amounts include economic/demographic gains, excess earnings, and assumption changes.

**I. Compensated Absences**

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

1. Leave or compensation is attributable to service already rendered
2. 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 financial statements to the extent the liabilities are expected to be expensed using available financial resources. Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from the County's employment, an employee shall be entitled to payment for total accrued but unused days of vacation not accumulated beyond two years. Comp time earned, but not taken, is paid at termination. Sick leave accrues at one day per month with no maximum limit, but compensation is paid only for an illness-related absence. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp time are the only accrued compensation liabilities recorded. Compensated absences will be liquidated through salary expenses in the funds which the employees are paid.

Continued

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**J. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. The County has no business-type activities, except the internal service fund.

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 withheld from the actual debt proceeds received are reported as debt service expenditures.

**K. Pensions and Other Post-Employment Benefits**

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.

For purposes of measuring the other post-employment benefit (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Healthcare 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.

**L. Government-wide 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 that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Continued

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**M. Governmental 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 established, modified, or rescinded by a formal action of the County’s highest level of decision-making authority, the Commissioners’ Court.

**Assigned Fund Balance** – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The Commissioners’ Court has the authority to determine and designate the purpose for fund balance to be assigned.

**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.

**N. 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 delegated the authority to assign fund balance amounts to the County Auditor and County Judge.

Continued

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**O. Funds Balances Restricted**

Restricted Fund Balances:

- 1) Administrative – management, preservation, restoration and technology requirements of public records, and vehicle inventory tax,
- 2) Judicial – maintenance of County Law Library and community educational programs, justice court technological enhancements, and disbursement of forfeited funds.
- 3) Elections – for contracted elections for various municipalities and schools as allowed by the Secretary of State.
- 4) Public safety – law enforcement grants, as well as disbursement of forfeited funds from the Sheriff’s office.
- 5) Bail Bonds – provide organization and training of the Bail Bond Board.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds and capital lease payable	\$ (73,796,279)
Accrued interest payable	(410,943)
Total other post employment benefit liability	(2,724,255)
Compensated absences	<u>(2,143,061)</u>
 Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ (79,074,538)</u>

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 37,516,767
Depreciation expense	<u>(4,455,487)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u>\$ 33,061,280</u>

Continued

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

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –**  
Continuation

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net changes in fund balance.” The details of this difference are as follows:

Gain / (Loss) on disposal of assets	\$	(84,322)
Donation of infrastructure assets		<u>192,808</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>108,486</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this are as follows:

Property tax	\$	(139,132)
Fines and fees		15,595
Paving lien assessments		<u>(15,610)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>(139,147)</u>

Another element of that reconciliation states, “Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.” Neither transaction, however, has any effect on net position. The details of this difference are as follows:

Debt Issued:		
Initiation of capital leases	\$	(2,353,251)
Repayment of principal		3,413,763
Amortization of bonds premium		<u>148,469</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>1,208,981</u>

Continued

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

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –**  
Continuation

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Change in estimated liability for compensated absences	\$	(79,705)
Change in accrued interest		(12,938)
Change in net pension asset		10,120,375
Change in net pension liability		20,914,432
Change in deferred outflows of resources - pension contributions		85,021
Change in deferred outflows of resources - pension economic/demographic losses		(34,204)
Change in deferred inflows of resources - pension economic/demographic gains		(725,082)
Change in deferred inflows of resources - pension excess earnings		(20,941,148)
Change in deferred outflows of resources - pension assumption changes		(3,270,832)
Change in deferred inflows of resources - pension assumption changes		(270,010)
Change in total other post employment benefit liability		938,272
Change in deferred inflows of resources - OPEB economic/demographic gains		(563,678)
Change in deferred outflows of resources - OPEB assumption changes		(115,335)
Change in deferred inflows of resources - OPEB assumption changes		(347,915)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	5,697,253

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with GAAP for the General Fund, District Courts Building, Capital Projects Fund, County Assistance District, Law Library, Courthouse Security, Justice Courts Building Security, County Clerk Records Management, Court Records Management, District Clerk Records Management, Justice Court Technology, County Clerk/District Clerk Technology, Auto Burglary and Theft Prevention, Law Enforcement Grants, Drug Court, Juvenile Probation, Series 2016 Certificates of Obligation, Series 2017 Tax Notes, and Series 2019 Certificates of Obligation. All annual appropriations lapse at fiscal year-end.

Prior to the beginning of the fiscal year, the County prepares a budget for the next succeeding fiscal year. The budget includes proposed expenditures and the means of financing them. Meetings of the Commissioners’ Court are held to discuss the proposed budget. These meetings are open to public discussion and require at least ten days’ notice of the meeting.

Continued



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

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continuation**

The appropriated budget is prepared by fund and department on the category level. Transfers of appropriations between department, fund and category require the approval of the Commissioners’ Court. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the category level. Supplemental budgetary appropriations in other funds were not considered material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

The County’s demand deposits are fully covered by collateral held in the County’s name by the County’s agents. The County’s collateral agreements require the fair value of securities held by its agents to exceed the total amount of cash and investments held at depository banks at all times.

A reconciliation of cash, as shown in the Governmental Funds, Internal Service Fund and Custodial Funds Balance Sheets for the primary government is as follows:

Cash on hand - governmental funds	\$ 10,832
Carrying amount of bank deposits - governmental funds	37,121,009
Carrying amount of TexPool deposits - governmental funds	34,748,214
Carrying amount of Texas CLASS deposits - governmental funds	<u>24,216,676</u>
Total governmental funds	<u>96,096,731</u>
Carrying amount of bank deposits - internal service funds	3,827,557
Carrying amount of TexPool deposits - internal service funds	<u>33,707</u>
Total internal service funds	<u>3,861,264</u>
Carrying amount of bank deposits - agency funds	7,718,264
Carrying amount of TexPool deposits - agency funds	<u>1,732,370</u>
Total agency funds	<u>9,450,634</u>
Total	<u><u>\$ 109,408,629</u></u>

The County’s investment policies are in accordance with the laws of the State of Texas. The policies identify authorized investments and investment terms, collateral requirements and safekeeping requirements for collateral.

***Interest Rate Risk***

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.

Continued

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

**NOTE 4 – DEPOSITS AND INVESTMENTS – Continuation**

***Credit Risk***

The County is authorized by statute and by depository contract to invest in obligations of the United States of America, direct obligations of the State of Texas, obligations of state agencies, counties, cities, and other political subdivisions of any state having been rated not less than “A” or its equivalent, certificates of deposit issued by state and national banks that are guaranteed insured or secured by obligations described above having a fair value of not less than 110% of the principal amount of the certificates, money market mutual funds regulated by the SEC with a dollar weighted average portfolio maturity of 90 days or less and eligible investment pools organized and operating in compliance with the Public Funds Investment Act that have been approved by the Commissioners’ Court.

As of September 30, 2022 the County had \$34,748,214 and \$24,216,676 invested with the Texas Treasury Safekeeping Trust Company (TexPool) and the Texas Cooperative Liquid Assets Securities System (Texas CLASS), respectively. The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool and Texas CLASS, through which political subdivisions and other entities may invest public funds.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

Texas CLASS is a local government pool emphasizing safety, liquidity, convenience, and competitive yields. Since 1966, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. The pool is governed by a board of trustees, elected annually by its participants.

Both investment pools use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool and Texas CLASS do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. Both pools have a credit rating of AAAM from Standard & Poor’s Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principle. TexPool and Texas CLASS each invest in a quality portfolio of debt securities investments that are legally permissible for local governments in the state.

***Concentrations of Credit Risk***

The County’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

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

**NOTE 5 – OTHER RECEIVABLES**

Receivables as of year-end for the County’s general, other major and non-major governmental and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Other Governmental	Internal Service Fund	Total
Receivables:				
Accounts	\$ 1,109,773	\$ 8,806	\$ 2,562	\$ 1,121,141
Fines and fees	42,202,476	-	-	42,202,476
Paving liens	65,604	-	-	65,604
Gross receivables	43,377,853	8,806	2,562	43,389,221
Less: allowance for uncollectible	41,226,543	-	-	41,226,543
Net total accounts receivable, net	<u>\$ 2,151,310</u>	<u>\$ 8,806</u>	<u>\$ 2,562</u>	<u>\$ 2,162,678</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were for delinquent property taxes receivable and miscellaneous unearned revenues.

**NOTE 6 – INTER-FUND BALANCES AND ACTIVITY**

	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ -	\$ 5,702,422
Special Revenue Funds:		
County Assistance District	50,000	-
Auto Burglary and Theft Prevention	61,580	-
Juvenile Probation	5,090,842	-
Capital Projects Funds:		
Capital Projects Fund	500,000	1,250,000
Justice Courts Building	1,250,000	-
	<u>\$ 6,952,422</u>	<u>\$ 6,952,422</u>

The General Fund transferred various amounts to the County Assistance District, Auto Burglary and Theft Prevention, Juvenile Probation, and Capital Projects Funds for the purpose of funding current year operations in all three funds. The transfer to the Capital Projects Fund also served to build fund balance for future projects.

Continued

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

**NOTE 6 – INTER-FUND BALANCES AND ACTIVITY – Continuation**

	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 22,268	\$ 12,919
Special Revenue Funds:		
County Assistance District	2,781	2,781
Law Library	6,539	-
Courthouse Security	7,130	-
Justice Courts Building Security	10	-
County Clerk Records Management	9,304	-
Court Records Management	162	-
District Clerk Records Management	4,560	-
Justice Court Technology	1,132	-
County Clerk / District Clerk Technology	209	-
County Attorney Hot Check	-	72
County Attorney Forfeiture	1,470	1,470
District Attorney Hot Check	-	467
DA Forfeiture Release	-	3,312
Auto Burglary and Theft Prevention	5,363	34,102
CARES Act - HAVA Grant	-	5,805
	\$ 60,928	\$ 60,928

In the fund financial statements, inter-fund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year.

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

**NOTE 7 – CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 4,911,954	\$ -	\$ -	\$ -	\$ 4,911,954
Construction in progress	17,986,168	32,941,989	-	-	50,928,157
Total capital assets not being depreciated	<u>22,898,122</u>	<u>32,941,989</u>	<u>-</u>	<u>-</u>	<u>55,840,111</u>
Capital assets, being depreciated:					
Infrastructure (roads and bridges)	39,494,019	192,808	-	-	39,686,827
Buildings and improvements	101,341,742	-	(604,062)	-	100,737,680
Furniture and equipment	24,570,232	2,221,527	(598,579)	(1,418,143)	24,775,037
Leased equipment	-	2,353,251	(45,324)	1,418,143	3,726,070
Total capital assets being depreciated	<u>165,405,993</u>	<u>4,767,586</u>	<u>(1,247,965)</u>	<u>-</u>	<u>168,925,614</u>
Less accumulated depreciation:					
Infrastructure (roads and bridges)	(28,096,939)	(386,536)	-	-	(28,483,475)
Buildings and improvements	(39,314,275)	(2,270,226)	604,062	-	(40,980,439)
Furniture and equipment	(14,980,712)	(1,231,957)	548,644	442,585	(15,221,440)
Leased equipment	-	(566,768)	10,937	(442,585)	(998,416)
Total accumulated depreciation	<u>(82,391,926)</u>	<u>(4,455,487)</u>	<u>1,163,643</u>	<u>-</u>	<u>(85,683,770)</u>
Total capital assets, being depreciated, net	<u>83,014,067</u>	<u>312,099</u>	<u>(84,322)</u>	<u>-</u>	<u>83,241,844</u>
Governmental activities capital assets, net	<u>\$ 105,912,189</u>	<u>\$ 33,254,088</u>	<u>\$ (84,322)</u>	<u>\$ -</u>	<u>\$ 139,081,955</u>

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

Governmental activities:	
Administrative	\$ 368,708
Judicial	134,008
Elections	43,928
Public facilities	1,475,585
Public safety	1,786,243
Road and bridge	<u>647,015</u>
Total depreciation expense - governmental activities	<u>\$ 4,455,487</u>

The County has an active construction project as of September 30, 2022. The project is as follows:

The County has begun the construction of a new District Courts Building. Costs spent to date on this project totaled \$50,928,157.

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

**NOTE 8 – LEASES**

The County has entered into a capital lease with Enterprise Fleet Management for a county-wide commercial fleet. The obligations under capital lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 0%. The lease will terminate on September 30, 2023.

The County has entered into a capital lease with Dell Financial for servers and related equipment. The obligations under capital lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 0%. The leases will terminate on September 30, 2025.

The County has entered into multiple capital leases with South Plains Communications for the use of communication towers. The obligations under capital lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 2.448%. The leases will terminate on December 31, 2047.

The County has entered into multiple capital leases for the use of equipment. The obligations under capital lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates ranging from 0.351% - 1.462%. The leases have various termination dates ranging until November 23, 2026.

Years Ending September 30,	Total	Capital Leases	
		Principal	Interest
2023	\$ 485,375	\$ 442,379	\$ 42,996
2024	402,076	361,519	40,557
2025	345,056	306,981	38,075
2026	227,988	192,440	35,548
2027	149,678	116,689	32,989
2028-2032	505,908	369,529	136,379
2033-2037	375,000	273,290	101,710
2038-2042	375,000	309,344	65,656
2043-2047	375,000	350,155	24,845
2048-2049	18,751	18,674	77
Total	<u>\$ 3,259,832</u>	<u>\$ 2,741,000</u>	<u>\$ 518,832</u>

**NOTE 9 – GENERAL OBLIGATION AND CERTIFICATES OF OBLIGATION BONDS**

During the year ended September 30, 2016, the County issued \$21,470,000 of Certificates of Obligation, Series 2016 to provide resources for the purposes of paying contractual obligations incurred for constructing the Sheriff administrative, enforcement and maintenance facility. Principal payments on the Certificates of Obligation, Series 2016 are made annually, each August 1 with interest payments made semi-annually, each February 1 and August 1 until maturity on August 1, 2036. Interest rates range from 1.25% to 3.00% on the Certificates of Obligation, Series 2016.

During the year ended September 30, 2017, the County issued \$5,625,000 of Tax Notes, Series 2017 to provide resources for the purposes of paying contractual obligations incurred for the purchase of equipment for an emergency radio system. Principal payments on the Certificates of Obligation, Series 2017 are made annually, each August 1 with interest payments made semi-annually, each February 1 and August 1 until maturity on August 1, 2024. The interest rate is stated at 1.91% on the Tax Notes, Series 2017.

Continued

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

**NOTE 9 – GENERAL OBLIGATION AND CERTIFICATES OF OBLIGATION BONDS – Continuation**

During the year ended September 30, 2019, the County issued \$50,375,000 of Certificates of Obligation, Series 2019 to provide resources for the purposes of paying contractual obligations incurred for constructing, and equipping the District Courts Building. Principal payments on the Certificates of Obligation, Series 2019 are made annually, each August 1 with interest payments made semi-annually, each February 1 and August 1 until maturity on August 1, 2049. Interest rates range from 3.25% to 5.00% on the Certificates of Obligation, Series 2019.

The annual requirements to amortize all debt outstanding as of September 30, 2022, are as follows:

Years Ending September 30,	Total	Certificates of Obligation Series 2016		Tax Notes Series 2017		Certificates of Obligation Series 2019	
		Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 5,519,337	\$ 985,000	\$ 490,725	\$ 935,000	\$ 27,074	\$ 1,140,000	\$ 1,941,538
2024	5,069,336	1,015,000	460,725	950,000	9,073	750,000	1,884,538
2025	5,081,863	1,045,000	429,825	-	-	1,760,000	1,847,038
2026	4,296,988	1,080,000	397,950	-	-	1,060,000	1,759,038
2027	4,356,138	1,110,000	365,100	-	-	1,175,000	1,706,038
2028-2032	21,826,678	6,070,000	1,297,650	-	-	6,835,000	7,624,028
2033-2037	20,335,963	5,545,000	338,925	-	-	8,335,000	6,117,038
2038-2042	14,457,238	-	-	-	-	10,070,000	4,387,238
2043-2047	14,456,475	-	-	-	-	12,000,000	2,456,475
2048-2049	5,779,200	-	-	-	-	5,450,000	329,200
<b>Total</b>	<b>\$ 101,179,216</b>	<b>\$ 16,850,000</b>	<b>\$ 3,780,900</b>	<b>\$ 1,885,000</b>	<b>\$ 36,147</b>	<b>\$ 48,575,000</b>	<b>\$ 30,052,169</b>

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

**NOTE 10 – LONG TERM DEBT**

Change in long-term debt is summarized below:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022	Due Within One Year
Certificates of Obligation, Series 2016	\$ 17,805,000	\$ -	\$ (955,000)	\$ 16,850,000	\$ 985,000
Tax Notes, Series 2017	2,800,000	-	(915,000)	1,885,000	935,000
Certificates of Obligation, Series 2019	49,625,000	-	(1,050,000)	48,575,000	1,140,000
Deferred issuance premiums	3,893,748	-	(148,468)	3,745,280	
Total bonds payable	74,123,748	-	(3,068,468)	71,055,280	3,060,000
Capital lease obligation	881,512	2,353,251	(493,763)	2,741,000	442,379
Estimated liability for compensated absences	2,063,356	1,387,590	(1,307,885)	2,143,061	214,300
Net pension liability	20,914,432	-	(20,914,432)	-	-
Total other post employment benefit liability	3,662,527	-	(938,272)	2,724,255	-
Total	<u>\$ 101,645,575</u>	<u>\$ 3,740,841</u>	<u>\$ (26,722,820)</u>	<u>\$ 78,663,596</u>	<u>\$ 3,716,679</u>

The County incurred interest expense of \$2,458,367 during the year ended September 30, 2022.

The liabilities for the net pension liability and other postemployment benefits will be liquidated by the General Fund.

**NOTE 11 – COMPENSATED ABSENCES**

The cost of the County’s liability for compensated absences is calculated at the end of the fiscal year based on the employee’s pay rate and the accumulated vacation hours earned but not taken. Typically, the General Fund has been used to liquidate the liability for compensated absences.

**NOTE 12 – RISK MANAGEMENT**

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers’ compensation. The County provides for the management of risks through a combination of self-insurance and traditional insurance. Amounts of coverage for the above types of risk have not been subject to a significant reduction in the past year. The amounts of settlements have not exceeded insurance coverage for the past three fiscal years.



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

**NOTE 13 – HEALTH INSURANCE**

The County has established the Health and Life Insurance Fund to account for its health and life program. The Plan accumulates resources to pay the insured healthcare costs for the County employees and their covered dependents and was established with the intent to provide appropriate healthcare insurance to employees and minimize total health insurance cost to the County.

The Plan activities are carried on and accounted for in the Health and Life Insurance Fund, an Internal Service Fund.

The County Contributed \$1,029 per month, per employee. Employees may authorize payroll withholding to pay for premium costs for dependent coverage.

The health insurance premiums are paid to the Health and Life Insurance Fund. These inter-fund transactions are treated as operating expenditures by the General Fund as it makes the aggregate premium payments. These premiums are treated as operating revenue by the Health and Life Insurance Fund as they are received or accrued.

A third-party Plan Administrator processes claims and pays bills weekly, gathers experience and cost data, and makes tentative premium calculation using the experience and cost factors it has developed. The administrative fees paid to the Plan Administrator and the services provided by the Administrator are provided by contractual agreement.

During the current year, the self-funded Health and Life Insurance Fund had stop-loss coverage in effect for all claims per individual exceeding \$125,000 and for an aggregate loss of \$6,960,496. This stop-loss insurance coverage is provided by Holmes, Murphy and Associates. Holmes Murphy and Associates is a commercial insurer licensed to do business in Texas in accordance with the Texas Insurance Code. The Plan purchases “15/12 month” insurance, re-insurance, and stop-loss insurance to provide protection for claims, or losses, arising in one insurance period that must be paid in the following insurance period. The provision for unpaid self-insurance health losses at year end is included in claims payable in the internal services fund. It is based upon actual prior claim cost experience and average time lags in settling such claims and actual claims paid after year end. There has been no significant reduction in insurance coverage from coverage in the prior year by major category of risk.

Changes in the Healthcare Insurance Fund’s claims liability were as follows:

Balance 10/1/2020	Incurred Claims	Claim Payments	Balance 9/30/2021
\$ 541,341	\$ 5,165,434	\$ 5,507,446	\$ 199,329
Balance 10/1/2021	Incurred Claims	Claim Payments	Balance 9/30/2022
\$ 199,329	\$ 5,698,856	\$ 5,476,657	\$ 421,528

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

**NOTE 14 – RETIREMENT PLAN**

*Plan Description*

The County provides retirement, disability, and death benefits for all of its full-time 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 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](http://www.tcdrs.org).

*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 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 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-financial monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

*Employees Covered by Benefit Terms*

The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	410
Inactive employees entitled to but not yet receiving benefits	363
Active employees	563

*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 15.53% for calendar year 2022, and 15.45% for calendar year 2021. 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.

Continued

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

**NOTE 14 – RETIREMENT PLAN** – Continuation

*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.

**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.

Continued

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

**NOTE 14 – RETIREMENT PLAN – Continuation**

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

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

**NOTE 14 – 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

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

**NOTE 14 – RETIREMENT PLAN – Continuation**

*Discount Rate*

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, alternatives 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.

Continued

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

**NOTE 14 – RETIREMENT PLAN – Continuation**

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.

*Changes in the Net Pension Liability / (Asset)*

	Total Pension Liability <u>(a)</u>	Fiduciary Net Position <u>(b)</u>	Net Pension Liability / (Asset) <u>(a) - (b)</u>
Balances as of December 31, 2020	\$ 224,310,166	\$ 203,395,734	\$ 20,914,432
Changes for the year:			
Service cost	4,892,146	-	4,892,146
Interest on total pension liability (1)	16,996,284	-	16,996,284
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(1,300,404)	-	(1,300,404)
Effect of assumptions changes or inputs	(360,013)	-	(360,013)
Refund of contributions	(664,369)	(664,369)	-
Benefit payments	(10,677,293)	(10,677,293)	-
Administrative expenses	-	(131,637)	131,637
Member contributions	-	2,260,243	(2,260,243)
Net investment income	-	44,205,613	(44,205,613)
Employer contributions	-	4,988,543	(4,988,543)
Other (3)	-	(59,942)	59,942
Balances as of December 31, 2021	<u>\$ 233,196,517</u>	<u>\$ 243,316,892</u>	<u>\$ (10,120,375)</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.

Continued

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

**NOTE 14 – RETIREMENT PLAN – Continuation**

*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 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 264,124,331	\$ 233,196,517	\$ 207,376,014
Fiduciary net position	<u>243,316,892</u>	<u>243,316,892</u>	<u>243,316,892</u>
Net pension liability / (asset)	<u>\$ 20,807,439</u>	<u>\$ (10,120,375)</u>	<u>\$ (35,940,878)</u>

*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)*

	January 1, 2021 to December 31, 2021
Service cost	\$ 4,892,146
Interest on total pension liability (1)	16,996,284
Effect of plan changes	-
Administrative expenses	131,637
Member contributions	(2,260,243)
Expected investment return net of investment expenses	(15,298,248)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(541,118)
Recognition of assumption changes or inputs	3,180,829
Recognition of investment gains or losses	(7,966,217)
Other (2)	<u>59,942</u>
Pension expense / (income)	<u>\$ (804,988)</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.



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

**NOTE 14 – RETIREMENT PLAN – Continuation**

*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	\$ 1,320,633	\$ 39,776
Changes of assumptions	270,010	6,365,892
Net difference between projected and actual earnings	27,816,853	-
Contributions made subsequent to measurement date	N/A	3,813,503

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

Year ended December 31:	
2022	\$ (3,495,823)
2023	(6,673,534)
2024	(7,050,998)
2025	(5,781,473)
2026	-
Thereafter	-

**NOTE 15 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN**

*Plan Description*

Potter County, Texas participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GLTF). This optional plan provides group term life insurance coverage to current eligible employees.

The Group Term Life Fund (GTLF) is a separate trust administered by the TCDRS board of trustees. TCDRS issues a public available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

*Funding Policy*

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Potter County, Texas contributions to the GTLF for the year ended September 30, 2022, 2021 and 2020 was \$49,070, \$47,6268 and \$49,638, respectively, which equaled the contractually required contributions.

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

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

*Plan Description*

The County provides other post-employment benefits (OPEB) to all of its full-time employees through a single-employer defined benefit OPEB plan. The Plan provides that an employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, elect to remain on the County’s health care plan, as well as to continue existing spouse and dependent coverage. Coverage ceases for the member, the spouse and dependents upon the member becoming eligible for Medicare at age 65.

*Benefits Provided*

An employee who meets the retirement eligibility requirements of the Texas County and District Retirement System (TCDRS), and who leaves the employment of Potter County after 20 years of service, or at age 60 with eight (8) years of service, or when the retirees age plus years of service equals 75 is eligible to continue health care coverage when they retire from Potter County. The eligible retiring employee may also continue the existing coverage for spouses and dependents. The retiree pays 100% of the total monthly premium prescribed in the current health plan for active employees and dependents. Premiums are determined annually by estimating the amount needed to cover projected claims. Eligible retirees and their spouse and/or dependents covered by the Potter County Health Care group receive the same health and dental care benefits as active employees, as described in the current health manual.

*Employees Covered by Benefit Terms*

The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	0
Active employees	473

*Total OPEB Liability*

The County’s total OPEB liability was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date.

Continued

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

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Continuation**

*Actuarial Assumptions*

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Individual Entry-Age Normal
Discount rate	4.40% as of September 30, 2022
Inflation	2.50%
Salary increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS)
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years
Participation Rates	15% for eligible retirees

*Discount Rate*

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 4.40% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 2.19% as of the prior measurement date.

Continued

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

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Continuation**

*Changes in the Total OPEB Liability*

	Changes in Total OPEB Liability
Balances as of September 30, 2021	\$ 3,662,527
Changes for the year:	
Service cost	347,884
Interest on total OPEB liability	82,555
Changes of benefit terms	-
Difference between expected and actual experience	(741,692)
Changes in assumption	(493,365)
Benefit payments	(133,654)
Balances as of September 30, 2022	\$ 2,724,255

Changes of assumptions reflect updated claims, trends, mortality tables, and discount rate from the October 1, 2020 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discounted rate of 4.40%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 3.40%	Current Discount Rate 4.40%	1% Increase 5.40%
Total OPEB liability	\$ 2,976,647	\$ 2,724,255	\$ 2,497,107

Continued

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

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Continuation**

*Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rate Assumption*

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability	\$ 2,403,195	\$ 2,724,255	\$ 3,110,383

*OPEB Expense / (Income)*

	October 1, 2021 to September 30, 2022
Service cost	\$ 347,884
Interest on total OPEB liability	82,555
Current period benefit changes	-
OPEB Plan administrative expense	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(127,865)
Recognition of assumption changes or inputs	(80,264)
OPEB expense / (income)	\$ 222,310

*Deferred Inflows / Outflows of Resources*

As of September 30, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,312,510	\$ -
Changes of assumptions	967,292	629,395

Continued

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

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Continuation**

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

Year ended September 30:	
2023	\$ (208,129)
2024	(208,129)
2025	(205,189)
2026	(178,708)
2027	(178,708)
Thereafter	(671,544)

**NOTE 17 – TAX ABATEMENT AGREEMENTS**

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Bell Helicopter Textron, Inc. The Company is to construct a “qualified facility” on an approximate 20 acre parcel of land within the Reinvestment Zone No. 8 as established by the City of Amarillo, Texas. The County will abate 100% of the ad valorem taxes on this development for a period of ten years beginning on January 1, 2014.

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Coca-Cola Refreshments USA, Inc. The Company is to operate and renovate a premises on an approximate 9.76 acres within the Reinvestment Zone No. 7 as established by the City of Amarillo, Texas. The County will abate 100% of the ad valorem taxes on this development for a period of ten years beginning on January 1, 2016.

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Gestamp Wind Steel US, Inc. The Company is to operate and renovate a premises on an approximate 48 acres within the Reinvestment Zone No. 7 as established by the City of Amarillo, Texas. The County will abate 100% of the ad valorem taxes on this development for a period of ten years beginning on January 1, 2017.

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Bovina Burger, LLC. The Company is to construct a “qualified facility” on an approximate 17 acre parcel of land within the Reinvestment Zone No. 10 as established by the City of Amarillo, Texas. The County will abate 100% of the ad valorem taxes on this development for a period of ten years beginning on January 1, 2021.

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Panhandle Pure, LLC. The Company is to operate and renovate a premises on an approximate 5 acre parcel of land within the Texas Enterprise Zone as established by the City of Amarillo, Texas. The County will abate 90% of the ad valorem taxes on this development for a period of nine years beginning on January 1 of the first tax year for which the company files an approved abatement application with the Appraisal District.

Continued

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

**NOTE 17 – TAX ABATEMENT AGREEMENTS – Continuation**

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Parkwest Corporate Center, Ltd. The Company is to operate and renovate a premises within the Reinvestment Zone No. 11 as established by the City of Amarillo, Texas. The County will abate 60% of the ad valorem taxes on this development for a period of six years beginning on January 1 of the first tax year for which the company file an approved abatement application with the Appraisal District.

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Amazon.com Services, LLC. The Company is to construct a minimum 1,000,000 square foot distribution facility within the Reinvestment Zone No. 12 as established by the City of Amarillo, Texas. The County will abate 50% of the ad valorem taxes on this development for a period of five years beginning on January 1 of the first tax year for which the company file an approved abatement application with the Appraisal District.

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Encompass Health Rehabilitation Hospital of Amarillo, LLC. The Company is to operate and renovate a premises on an approximate 7 acre parcel of land within the Reinvestment Zone No. 14 as established by the City of Amarillo, Texas. The County will abate 60% of the ad valorem taxes on this development for a period of six years beginning on January 1 of the first tax year for which the company file an approved abatement application with the Appraisal District.

Chapter 312 of the Texas Tax Code allows for the designation of tax reinvestment zones and the negotiation of tax abatement agreements with applicants. These abatement agreements authorize the Potter-Randall County Appraisal District to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated by Potter County under this program, in accordance with the above agreements, were \$992,058 for the year ended September 30, 2022.

**NOTE 18 – COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS**

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management of the County the outcome of these lawsuits will not have a material adverse effect on the accompanying basic financial statements and accordingly, no provision for losses has been recorded. The County participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2022, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**NOTE 19 – PRIOR PERIOD RESTATEMENT**

The prior period net assets were increased 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.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 54,361,824	\$ 54,361,824	\$ 54,222,370	\$ (139,454)
Sales and miscellaneous taxes	683,080	683,080	881,435	198,355
Licenses and fees	4,046,730	4,046,730	4,364,597	317,867
Fines and forfeitures	842,000	842,000	624,341	(217,659)
Intergovernmental	3,196,360	3,209,746	2,426,417	(783,329)
Interest	150,000	150,000	335,505	185,505
Miscellaneous	1,167,800	1,168,300	1,615,646	447,346
	<u>64,447,794</u>	<u>64,461,680</u>	<u>64,470,311</u>	<u>8,631</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	8,839,618	8,661,997	7,344,149	1,317,848
Judicial	19,048,435	19,173,797	16,462,806	2,710,991
Elections	678,436	678,436	576,357	102,079
Public facilities	3,063,070	3,063,070	2,678,377	384,693
Public safety	12,910,477	12,984,491	12,414,555	569,936
Corrections and rehabilitation	14,075,234	14,119,767	13,092,451	1,027,316
Road and bridge	2,754,590	2,745,910	2,499,876	246,034
Health and human services	1,066,757	1,066,757	953,765	112,992
Capital outlay	511,517	560,636	2,424,684	(1,864,048)
Debt service:				
Principal	377,095	377,095	493,763	(116,668)
Interest	-	-	35,437	(35,437)
	<u>63,325,229</u>	<u>63,431,956</u>	<u>58,976,220</u>	<u>4,455,736</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,122,565</u>	<u>1,029,724</u>	<u>5,494,091</u>	<u>4,464,367</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Initiation of capital leases	-	-	2,353,251	2,353,251
Transfers out	(5,090,842)	(5,090,842)	(5,702,422)	(611,580)
	<u>(5,090,842)</u>	<u>(5,090,842)</u>	<u>(3,349,171)</u>	<u>1,741,671</u>
<b>NET CHANGE IN FUND BALANCES</b>	(3,968,277)	(4,061,118)	2,144,920	6,206,038
<b>FUND BALANCES - BEGINNING</b>	<u>33,108,752</u>	<u>33,108,752</u>	<u>33,108,752</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 29,140,475</u>	<u>\$ 29,047,634</u>	<u>\$ 35,253,672</u>	<u>\$ 6,206,038</u>

**POTTER 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 as available)**

	Year Ended December 31,			
	2021	2020	2019	2018
<b>Total Pension Liability:</b>				
Service cost	\$ 4,892,146	\$ 4,388,580	\$ 4,184,777	\$ 4,231,120
Interest on total pension liability	16,996,284	16,261,798	15,436,690	14,703,036
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(360,013)	12,731,786	-	-
Effect of economic/demographic (gains) or losses	(1,300,404)	(380,448)	99,437	(775,543)
Benefit payments/refunds of contributions	(11,341,663)	(9,938,331)	(9,545,684)	(8,582,682)
Net change in total pension liability	8,886,350	23,063,385	10,175,220	9,575,931
Total pension liability, beginning	224,310,166	201,246,781	191,071,561	181,495,630
Total pension liability, ending (a)	<u>\$ 233,196,516</u>	<u>\$ 224,310,166</u>	<u>\$ 201,246,781</u>	<u>\$ 191,071,561</u>
<b>Fiduciary Net Position:</b>				
Employer contributions	\$ 4,988,543	\$ 5,093,373	\$ 4,826,681	\$ 4,625,757
Member contributions	2,260,243	2,298,439	2,286,269	2,190,217
Investment income net of investment expenses	44,205,613	19,297,680	26,729,739	(3,146,419)
Benefit payments/refunds of contributions	(11,341,663)	(9,938,332)	(9,545,684)	(8,582,682)
Administrative expenses	(131,637)	(148,828)	(142,387)	(130,724)
Other	(59,942)	(56,837)	(57,261)	(35,776)
Net change in fiduciary net position	39,921,157	16,545,495	24,097,357	(5,079,627)
Fiduciary net position, beginning	203,395,734	186,850,239	162,752,882	167,832,509
Fiduciary net position, ending (b)	<u>\$ 243,316,891</u>	<u>\$ 203,395,734</u>	<u>\$ 186,850,239</u>	<u>\$ 162,752,882</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (10,120,375)</u>	<u>\$ 20,914,432</u>	<u>\$ 14,396,542</u>	<u>\$ 28,318,679</u>
Fiduciary net position as a % of total pension liability	104.34%	90.68%	92.85%	85.18%
Pensionable covered payroll	\$ 32,289,189	\$ 32,608,141	\$ 32,634,836	\$ 31,288,811
Net pension liability as a % of covered payroll	-31.34%	64.14%	44.11%	90.51%

Year Ended December 31,

2017	2016	2015	2014	2013	2012
\$ 4,273,814	\$ 4,352,352	\$ 4,127,523	\$ 4,108,621	\$ N/A	\$ N/A
13,871,195	13,037,017	12,402,512	11,669,923	N/A	N/A
-	-	(728,256.00)	-	N/A	N/A
439,421	-	1,583,826	-	N/A	N/A
71,577	(1,265,495)	(1,704,163)	(268,856)	N/A	N/A
(8,113,787)	(7,822,670)	(7,265,790)	(6,536,622)	N/A	N/A
10,542,220	8,301,204	8,415,652	8,973,066	N/A	N/A
170,953,410	162,652,206	154,236,554	145,263,488	N/A	N/A
<u>\$ 181,495,630</u>	<u>\$ 170,953,410</u>	<u>\$ 162,652,206</u>	<u>\$ 154,236,554</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 4,318,705	\$ 4,074,113	\$ 3,944,278	\$ 3,899,238	\$ N/A	\$ N/A
2,109,629	2,068,086	2,009,470	1,984,119	N/A	N/A
21,585,568	10,342,613	(641,974)	9,074,869	N/A	N/A
(8,113,787)	(7,822,670)	(7,265,790)	(6,536,622)	N/A	N/A
(111,613)	(112,476)	(101,332)	(106,048)	N/A	N/A
(23,400)	(361,045)	143,195	29,017	N/A	N/A
19,765,102	8,188,621	(1,912,153)	8,344,573	N/A	N/A
148,067,407	139,878,786	141,790,759	133,446,186	N/A	N/A
<u>\$ 167,832,509</u>	<u>\$ 148,067,407</u>	<u>\$ 139,878,606</u>	<u>\$ 141,790,759</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 13,663,121</u>	<u>\$ 22,886,003</u>	<u>\$ 22,773,600</u>	<u>\$ 12,445,795</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
92.47%	86.61%	86.00%	91.93%	N/A	N/A
\$ 30,137,563	\$ 29,544,082	\$ 28,706,709	\$ 28,296,592	\$ N/A	\$ N/A
45.34%	77.46%	79.33%	43.98%	N/A	N/A

**POTTER COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Last 10 Fiscal 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	\$ 3,899,238	\$ 3,899,238	\$ -	\$ 28,296,592	13.8%
2016	3,944,278	3,944,278	-	28,706,709	13.7%
2017	4,074,113	4,074,113	-	29,544,082	13.8%
2018	4,318,705	4,318,705	-	30,137,563	14.3%
2019	4,813,538	4,813,538	-	32,551,378	14.8%
2020	5,030,180	5,030,180	-	32,638,696	15.4%
2021	5,003,406	5,003,406	-	32,294,692	15.5%
2022	5,073,805	5,073,805	-	32,713,010	15.5%

**POTTER COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Last 10 Fiscal 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 Tables 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.

**POTTER COUNTY, TEXAS**  
**POTTER COUNTY HEALTHCARE PLAN**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**Last 10 Years (will ultimately be displayed as available)**

	Year Ended September 30,			
	2022	2021	2020	2019
<b>Total OPEB Liability:</b>				
Service cost	\$ 347,884	\$ 250,533	\$ 318,294	\$ 181,073
Interest on total OPEB liability	82,555	83,149	119,444	148,114
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience of the total OPEB liability	(741,692)	(16,986)	(710,159)	(249,198)
Changes in assumptions	(493,365)	71,704	(634,535)	1,004,351
Benefit payments	(133,654)	(101,549)	(97,183)	(132,327)
Net change in total OPEB liability	(938,272)	286,851	(1,004,139)	952,013
Total OPEB liability, beginning	3,662,527	3,375,676	4,379,815	3,427,802
Total OPEB liability, ending	<u>\$ 2,724,255</u>	<u>\$ 3,662,527</u>	<u>\$ 3,375,676</u>	<u>\$ 4,379,815</u>
Covered employee payroll	\$ 30,023,917	\$ 29,400,554	\$ 29,348,897	\$ 24,802,020
Total OPEB liability as a % of covered employee payroll	9.07%	12.46%	11.50%	17.66%

**Notes to Schedule:**

Changes of assumptions reflect the effects of changes in the discount rate each period.  
The following are the discount rates used in each period:

September 30, 2022	4.40 %
September 30, 2021	2.19 %
September 30, 2020	2.41 %
September 30, 2019	2.66 %
September 30, 2018	3.31 %

**Plan Assets:**

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.



Year Ended September 30,

2018	2017	2016	2015	2014	2013
\$ 196,351	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
129,989	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
(232,428)	N/A	N/A	N/A	N/A	N/A
(81,049)	N/A	N/A	N/A	N/A	N/A
12,863	N/A	N/A	N/A	N/A	N/A
3,414,939	N/A	N/A	N/A	N/A	N/A
<u>\$ 3,427,802</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 25,795,275	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
13.29%	N/A	N/A	N/A	N/A	N/A

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**STATISTICAL SECTION  
(UNAUDITED)**

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**POTTER COUNTY, TEXAS  
STATISTICAL SECTION  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

This part of the Potter County, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> <i>These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	<b>117-120</b>
<b>Revenue Capacity</b> <i>These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	<b>121-124</b>
<b>Debt Capacity</b> <i>These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i>	<b>125-128</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	<b>129-130</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	<b>131-133</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**POTTER COUNTY, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
(amounts expressed in thousands)**

Table 1

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities										
Net investment in capital assets	\$ 61,999	\$ 65,492	\$ 66,473	\$ 68,307	\$ 67,559	\$ 64,693	\$ 63,816	\$ 67,199	\$ 71,488	\$ 83,184
Restricted	2,759	3,226	4,038	3,915	3,906	5,739	13,307	12,538	26,397	40,267
Unrestricted	<u>25,101</u>	<u>27,409</u>	<u>19,228</u>	<u>19,494</u>	<u>20,180</u>	<u>19,791</u>	<u>20,119</u>	<u>23,582</u>	<u>25,230</u>	<u>23,490</u>
Total governmental activities net position	<u>\$ 89,859</u>	<u>\$ 96,127</u>	<u>\$ 89,739</u>	<u>\$ 91,716</u>	<u>\$ 91,645</u>	<u>\$ 90,223</u>	<u>\$ 97,242</u>	<u>\$ 103,319</u>	<u>\$ 123,115</u>	<u>\$ 146,941</u>

**POTTER COUNTY, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
(amounts expressed in thousands)**

Table 2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
Administrative	\$ 5,843	\$ 6,966	\$ 6,666	\$ 7,264	\$ 7,885	\$ 7,344	\$ 7,947	\$ 8,681	\$ 7,646	\$ 8,317
Judicial	13,432	14,145	14,607	15,209	16,951	16,512	17,325	15,781	16,185	15,542
Elections	343	400	445	486	685	823	523	644	638	1,151
Public facilities	3,891	3,941	3,743	4,580	4,298	4,086	4,141	3,920	3,976	4,076
Public safety	8,675	9,130	8,806	11,528	10,816	16,500	19,598	19,894	19,904	19,555
Corrections and rehabilitation	12,971	13,994	13,765	15,061	15,739	15,693	13,102	12,688	12,783	11,646
Road and bridge	3,413	3,876	3,303	2,570	2,531	2,753	2,867	2,905	2,837	2,955
Health and human services	746	799	758	636	661	735	1,019	1,049	1,006	874
Interest on long-term debt	139	86	58	570	470	652	1,184	2,988	2,478	2,458
Total governmental activities expenses	<u>49,453</u>	<u>53,337</u>	<u>52,151</u>	<u>57,904</u>	<u>60,036</u>	<u>65,098</u>	<u>67,706</u>	<u>68,550</u>	<u>67,453</u>	<u>66,574</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Administrative	1,014	1,677	1,028	2,091	1,519	899	646	537	802	695
Judicial	3,734	3,785	3,623	3,585	3,255	3,165	2,373	1,930	1,978	1,959
Elections	-	1	-	-	1	-	9	4	13	8
Public safety	814	793	810	721	726	926	968	810	851	961
Corrections and rehabilitation	75	109	432	356	256	403	-	-	-	-
Road and bridge	1,990	2,094	2,110	2,111	2,050	2,035	2,043	2,043	2,049	2,165
Health and human services	18	14	21	21	21	57	6	5	6	1
Operating grants and contributions	1,458	1,848	1,662	3,094	2,307	3,141	4,496	5,003	16,785	16,205
Capital grants and contributions	581	5,539	10	231	62	-	1,673	580	815	862
Total governmental activities program revenues	<u>9,684</u>	<u>15,860</u>	<u>9,696</u>	<u>12,210</u>	<u>10,197</u>	<u>10,626</u>	<u>12,214</u>	<u>10,912</u>	<u>23,299</u>	<u>22,856</u>
Net (expense) revenue	(39,769)	(37,477)	(42,455)	(45,694)	(49,839)	(54,472)	(55,492)	(57,638)	(44,154)	(43,718)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	38,770	40,524	41,868	44,378	45,341	46,490	49,799	52,426	52,287	54,096
Property taxes, levied for debt service	2,199	2,091	2,166	2,163	2,906	4,542	2,725	4,041	4,727	4,603
Payments in lieu of taxes	-	-	-	-	-	-	99	102	103	106
Mixed beverage taxes	436	556	594	611	598	656	688	488	617	776
Sales and other taxes	240	236	228	236	270	184	2,978	3,339	3,823	4,751
Investment earnings	89	76	91	283	653	1,046	2,290	1,440	203	900
Gain on disposal of assets	90	28	-	-	-	-	-	-	176	-
Miscellaneous	368	235	60	-	-	-	2,089	1,879	1,919	2,312
Total governmental activities	<u>42,192</u>	<u>43,746</u>	<u>45,007</u>	<u>47,671</u>	<u>49,768</u>	<u>52,918</u>	<u>60,668</u>	<u>63,715</u>	<u>63,855</u>	<u>67,544</u>
<b>Change in Net Position</b>										
Governmental activities	<u>\$ 2,423</u>	<u>\$ 6,269</u>	<u>\$ 2,552</u>	<u>\$ 1,977</u>	<u>\$ (71)</u>	<u>\$ (1,554)</u>	<u>\$ 5,176</u>	<u>\$ 6,077</u>	<u>\$ 19,701</u>	<u>\$ 23,826</u>

**POTTER COUNTY, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Table 3

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Non-spendable	\$ 53	\$ 23	\$ 17	\$ 521	\$ 1,030	\$ 1,014	\$ 1,078	\$ 1,011	\$ 1,357	\$ 1,486
Restricted	353	656	864	813	578	1,335	1,405	1,380	1,254	1,055
Committed	2,700	3,000	3,000	2,098	2,098	1,548	-	-	-	-
Assigned	-	-	-	-	-	-	1,548	1,562	1,562	561
Unassigned	14,496	14,102	13,237	16,397	17,999	20,831	23,633	27,298	28,936	32,152
Total General Fund	<u>17,602</u>	<u>17,781</u>	<u>17,118</u>	<u>19,829</u>	<u>21,705</u>	<u>24,728</u>	<u>27,664</u>	<u>31,251</u>	<u>33,109</u>	<u>35,254</u>
All other governmental funds										
Non-spendable										
Prepays	-	-	-	-	-	-	-	-	-	31
Restricted										
Debt Service Fund	1,284	1,518	1,753	2,014	2,123	2,464	2,891	4,170	3,716	2,927
Special Revenue Funds	206	382	518	415	543	1,846	9,011	6,988	21,446	36,286
Capital Projects Funds	-	-	-	19,544	9,757	2,418	56,324	51,946	45,109	13,603
Assigned										
Special Revenue Funds	3,352	3,522	3,351	3,735	3,409	3,459	-	-	-	-
Capital Projects Funds	5,060	7,680	9,223	7,854	9,544	9,101	10,560	11,993	5,623	4,816
Unassigned	(3)	-	(34)	(207)	(24)	(13)	(116)	(107)	(116)	(100)
Total all other governmental funds	<u>\$ 9,899</u>	<u>\$ 13,102</u>	<u>\$ 14,811</u>	<u>\$ 33,355</u>	<u>\$ 25,352</u>	<u>\$ 19,275</u>	<u>\$ 78,670</u>	<u>\$ 74,990</u>	<u>\$ 75,778</u>	<u>\$ 57,563</u>



**POTTER COUNTY, TEXAS**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Table 4

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes	\$ 41,540	\$ 43,249	\$ 44,666	\$ 47,172	\$ 48,854	\$ 53,043	\$ 52,803	\$ 56,568	\$ 56,952	\$ 58,838
Licenses and fees	5,145	5,278	5,350	5,094	4,773	5,080	4,997	4,674	4,888	5,180
Fines and forfeitures	1,232	1,217	1,211	1,142	1,005	1,008	984	742	666	624
Intergovernmental	2,292	2,117	2,022	3,315	2,752	3,350	4,496	5,002	17,082	16,875
Interest	87	74	88	277	643	1,029	2,268	1,419	197	869
Sales and miscellaneous taxes	-	-	-	-	-	-	3,766	3,928	4,543	5,632
Miscellaneous	1,624	2,185	1,399	2,848	1,903	1,487	1,949	1,911	1,947	2,328
<b>Total revenues</b>	<b>51,920</b>	<b>54,120</b>	<b>54,736</b>	<b>59,848</b>	<b>59,930</b>	<b>64,997</b>	<b>71,263</b>	<b>74,244</b>	<b>86,275</b>	<b>90,346</b>
<b>Expenditures</b>										
Administrative	5,470	6,468	6,224	6,575	6,555	6,553	7,439	8,753	7,467	8,526
Judicial	13,307	13,882	14,556	14,645	15,696	15,888	15,971	15,250	15,903	16,707
Elections	342	388	449	474	544	492	483	620	761	1,151
Public facilities	2,593	2,387	2,463	3,241	2,722	2,609	2,424	2,461	2,564	2,781
Public safety	8,005	8,317	8,365	10,365	9,531	11,736	18,162	19,068	19,053	19,532
Corrections and rehabilitation	12,735	13,628	13,678	14,620	14,671	15,252	12,474	12,588	12,951	13,092
Road and Bridge	1,966	1,974	1,968	2,020	1,990	2,216	2,322	2,315	2,266	2,500
Health and human services	744	788	765	621	615	675	982	1,048	1,038	954
Capital outlay	1,052	1,038	3,253	5,595	16,487	8,852	1,886	7,353	16,354	37,517
Debt Service										
Principal	1,710	1,705	1,820	1,860	1,900	2,150	1,864	2,031	2,977	3,414
Interest	245	162	115	78	970	731	673	3,352	2,639	2,594
Bond issuance cost	-	-	-	375	-	-	221	-	-	-
<b>Total expenditures</b>	<b>48,169</b>	<b>50,737</b>	<b>53,656</b>	<b>60,469</b>	<b>71,681</b>	<b>67,154</b>	<b>64,901</b>	<b>74,839</b>	<b>83,973</b>	<b>108,768</b>
Excess of revenues over (under) expenditures	3,751	3,383	1,080	(621)	(11,751)	(2,157)	6,362	(595)	2,302	(18,422)
<b>Other financing sources (uses)</b>										
Transfers in	2,456	5,251	3,600	2,494	2,098	2,139	7,383	7,873	6,761	6,952
Transfers out	(2,456)	(5,251)	(3,600)	(2,494)	(2,098)	(2,389)	(7,383)	(7,873)	(6,761)	(6,952)
Proceeds from sale of assets	-	-	-	-	-	-	33	95	220	-
Issuance of debt	-	-	-	21,875	5,625	-	50,375	408	123	2,353
Bond premiums	-	-	-	-	-	-	3,846	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,875</b>	<b>5,625</b>	<b>(250)</b>	<b>54,254</b>	<b>503</b>	<b>343</b>	<b>2,353</b>
<b>Net change in fund balances</b>	<b>\$ 3,751</b>	<b>\$ 3,383</b>	<b>\$ 1,080</b>	<b>\$ 21,254</b>	<b>\$ (6,126)</b>	<b>\$ (2,407)</b>	<b>\$ 60,616</b>	<b>\$ (92)</b>	<b>\$ 2,645</b>	<b>\$ (16,069)</b>
Debt Service as a percentage of noncapital expenditures	4.15%	3.76%	3.84%	3.53%	5.20%	4.94%	4.03%	7.98%	8.31%	8.43%

**POTTER COUNTY, TEXAS  
PROPERTY TAX RATES  
DIRECT & ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Table 5

Fiscal Year	Roll Year	Operations Rate Potter County	Debt Rate Potter County	Total Direct Rate Potter County	City of Amarillo	Amarillo Independent School District	Amarillo Junior College District
<b>TAX RATES/\$100 ASSESSED VALUATION</b>							
2013	2012	0.59327	0.03380	0.62707	0.32009	1.17000	0.18938
2014	2013	0.60272	0.03130	0.63402	0.34009	1.18900	0.19950
2015	2014	0.60270	0.03132	0.63402	0.34509	1.18900	0.20750
2016	2015	0.63306	0.03096	0.66402	0.35072	1.18900	0.20750
2017	2016	0.62393	0.04009	0.66402	0.35072	1.18900	0.20750
2018	2017	0.62773	0.04227	0.67000	0.36364	1.18900	0.20750
2019	2018	0.64998	0.03502	0.68500	0.36838	1.23900	0.20750
2020	2019	0.65099	0.05001	0.70100	0.38851	1.16900	0.22790
2021	2020	0.63303	0.05712	0.69015	0.39681	1.15540	0.22790
2022	2021	0.65057	0.05538	0.70595	0.44334	1.14960	0.21129

Source: Potter County Tax Office, Potter Randall Appraisal District

Note: Overlapping rates are those that apply to property owners within Potter County. Not all overlapping rates apply to all county property owners; for example, although the county property tax rates apply to all county property owners, the City of Amarillo rates apply only to those whose property is located within the city's geographic boundaries.

Fiscal Year	Roll Year	Bushland Independent School District	Highland Park Independent School District	River Road Independent School District	Village of Bishop Hills	Underground Water Preservation Districts
<b>TAX RATES/\$100 ASSESSED VALUATION</b>						
2013	2012	1.26960	1.16744	1.35000	0.08000	0.01641
2014	2013	1.29440	1.16750	1.35000	0.08000	0.01658
2015	2014	1.29000	1.16190	1.35000	0.08000	0.01604
2016	2015	1.26804	1.16190	1.35000	0.08000	0.01593
2017	2016	1.25433	1.16190	1.35000	0.08000	0.01652
2018	2017	1.23777	1.16190	1.35000	0.08000	0.01595
2019	2018	1.23371	1.18590	1.35000	0.08000	0.01576
2020	2019	1.16371	1.10330	1.27650	0.08000	0.01590
2021	2020	1.16010	1.09740	1.26280	0.08000	0.01020
2022	2021	1.15665	1.08480	1.23967	0.08000	0.01020

**POTTER COUNTY, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

Table 6

Fiscal Year	Roll Year	Real Property Value		Personal Property Value		Total Value		Total Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
		Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual		
2013	2012	\$ 6,647,265	\$ 6,893,284	\$ 1,687,907	\$ 1,687,907	\$ 8,335,172	\$ 8,581,191	0.62707	97.13%
2014	2013	6,690,462	6,935,556	1,631,586	1,631,586	8,322,048	8,567,142	0.63402	97.14%
2015	2014	6,921,060	7,172,364	1,727,791	1,727,791	8,648,851	8,900,155	0.63402	97.18%
2016	2015	7,107,807	7,357,630	1,752,275	1,752,275	8,860,082	9,109,905	0.66402	97.26%
2017	2016	7,192,330	7,449,131	1,848,664	1,848,664	9,040,994	9,297,795	0.66402	97.24%
2018	2017	7,564,639	7,841,179	1,917,145	1,917,145	9,481,784	9,758,324	0.67000	97.17%
2019	2018	7,863,970	8,126,646	1,943,631	1,943,631	9,807,601	10,070,277	0.68500	97.39%
2020	2019	8,279,646	8,608,172	1,986,271	1,986,271	10,265,917	10,594,443	0.70100	96.90%
2021	2020	7,841,714	8,102,421	2,654,122	2,654,122	10,495,836	10,756,543	0.69015	97.58%
2022	2021	7,718,851	7,937,606	2,966,105	2,966,105	10,684,956	10,903,711	0.70595	97.99%

Source: Potter Randall Appraisal District

Note: Direct tax rates are per \$100 of assessed value.

**POTTER COUNTY, TEXAS  
PRINCIPAL TAXPAYERS  
CURRENT AND NINE YEARS AGO  
SEPTEMBER 30, 2022**

Table 7

Taxpayer	Type of Business	2021 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2012 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Southwestern Public Service (Xcel)	Electric Utility	\$ 556,490,890	1	7.10%	\$ 276,921,870	1	3.89%
Bell Helicopter Textron	Osprey Production	170,752,981	2	2.18%			
BNSF Railway Company	Railroad	167,764,319	3	2.14%	106,173,788	2	1.49%
BSA Hospital LLC	Healthcare	131,009,411	4	1.67%	96,358,178	3	1.35%
Tyson Fresh Meats Inc.	Meat Packing	103,503,533	5	1.32%	88,751,310	5	1.25%
Atmos Energy/Wes-Tex Division	Utility	75,593,980	6	0.96%			
Scout Energy Management (BPP)		64,210,700	7	0.82%			
Northwest Texas Healthcare (UHS)	Healthcare	59,349,982	8	0.76%	88,858,955	4	1.25%
Bell Textron Inc	Osprey Production	51,879,204	9	0.66%			
Asarco LLC	Copper Refinery	49,443,646	10	0.63%	85,078,202	6	1.19%
Amarillo Mall, LLC	Retailer				60,680,565	7	0.85%
Linde Gas North America	Helium				53,395,426	8	0.75%
Pioneer Natural Resources (USA)	Natural Gas Utility				47,860,840	9	0.67%
Wal Mart Real Estate	Retailer				46,084,482	10	0.65%
		<u>\$ 1,429,998,646</u>		<u>18.24%</u>	<u>\$ 950,163,616</u>		<u>13.34%</u>

Source: Potter Randall Appraisal District

**POTTER COUNTY, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN TAX ROLL YEARS**

Table 8

Fiscal Year	Roll Year	Original Tax Levy	Adjustments	Adjusted Tax Levy	Collected in the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
					Collected Amount	Percent of Original Levy Collected		Total Collections	Percent of Adjusted Levy Collected
2013	2012	\$ 40,409,642	-	\$ 40,409,642	\$ 39,698,578	98.24%	\$ 646,005	\$ 40,344,583	99.84%
2014	2013	42,066,200	-	42,066,200	41,545,818	98.76%	448,947	41,994,765	99.83%
2015	2014	43,446,569	-	43,446,569	42,961,582	98.88%	412,633	43,374,215	99.83%
2016	2015	46,009,549	-	46,009,549	45,445,342	98.77%	485,598	45,930,940	99.83%
2017	2016	47,820,877	-	47,820,877	47,232,286	98.77%	501,656	47,733,942	99.82%
2018	2017	50,535,016	-	50,535,016	49,853,961	98.65%	564,534	50,418,495	99.77%
2019	2018	53,148,726	-	53,148,726	52,523,561	98.82%	476,129	52,999,690	99.72%
2020	2019	56,460,173	-	56,460,173	55,452,872	98.22%	530,994	55,983,866	99.16%
2021	2020	57,083,843	-	57,083,843	56,384,956	98.78%	421,779	56,806,735	99.51%
2022	2021	59,058,954	-	59,058,954	58,424,388	98.93%	-	58,424,388	98.93%

Source: Potter County Tax Office

**POTTER COUNTY, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST 10 FISCAL YEARS  
SEPTEMBER 30, 2022**

Table 9

	GOVERNMENTAL ACTIVITIES				Total Primary Government	Percentage of Property Value (1)	Percentage of Personal Income (2)	\$ Per Capita (2)
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Leases				
2013	\$ 8,616,985	\$ -	\$ -	\$ -	\$ 8,616,985	0.10%	0.20%	71
2014	6,845,324	-	-	-	6,845,324	0.08%	0.14%	56
2015	4,970,254	-	-	-	4,970,254	0.06%	0.10%	41
2016	3,030,221	21,887,782	-	-	24,918,003	0.27%	0.47%	204
2017	1,100,211	21,840,412	5,625,000	-	28,565,623	0.31%	0.55%	237
2018	-	20,922,350	5,450,000	-	26,372,350	0.27%	0.50%	220
2019	-	74,225,686	4,585,000	601,063	79,411,749	0.79%	1.47%	676
2020	-	73,157,217	3,700,000	1,151,004	78,008,221	0.74%	1.33%	658
2021	-	71,323,748	2,800,000	881,512	75,005,260	0.70%	1.25%	636
2022	-	69,170,279	1,885,000	2,741,000	73,796,279	0.68%	1.14%	639

Note:

(1) Property values are found in Table 6

(2) Personal income and population are found in Table 13

**POTTER COUNTY, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
SEPTEMBER 30, 2022**

Table 10

Taxable assessed value	\$ 8,550,254,926
Debt limit (5% of taxable assessed value)	\$ 427,512,746
Debt applicable to limit:	
Total bonded debt	71,055,279
Less: amount set aside for repayment of debt	(2,896,832)
Net Indebtedness subject to debt limit	68,158,447
Net debt contracting margin	\$ 359,354,299
Percentage of net debt contraction margin available	84.06 %
Percentage of net debt contracting power exhausted	15.94 %

Last Ten Years

Fiscal Year	Constitutional Debt Limit	Net Outstanding Indebtedness September 30	Percentage of Net Debt Contracting Margin Available
2013	\$ 324,502,416	\$ 7,076,480	97.82%
2014	334,013,008	5,152,339	98.46%
2015	344,960,488	3,081,511	99.11%
2016	350,204,733	22,431,045	93.59%
2017	364,014,349	26,141,654	92.82%
2018	382,306,235	23,612,723	93.82%
2019	394,422,001	76,007,756	80.73%
2020	410,395,226	76,857,217	81.27%
2021	421,629,963	74,123,748	82.42%
2022	427,512,746	71,055,279	83.38%



**POTTER COUNTY, TEXAS  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

Table 11

Fiscal Year	Roll Year	Population	Assessed Value (in Thousands)	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013	2012	122,146	\$ 8,581,191	\$ 8,616,985	\$ 1,283,520	\$ 7,333,465	0.855%	\$ 60
2014	2013	121,627	8,567,142	6,845,324	1,517,693	5,327,631	0.622%	44
2015	2014	121,857	8,900,155	4,970,254	1,753,489	3,216,765	0.361%	26
2016	2015	122,082	9,109,905	24,918,003	2,013,955	22,904,048	2.514%	188
2017	2016	120,346	9,297,795	28,565,623	2,122,859	26,442,764	2.844%	220
2018	2017	119,648	9,758,324	26,372,350	2,464,218	23,908,132	2.450%	200
2019	2018	117,415	10,070,277	78,810,686	2,802,930	76,007,756	7.548%	647
2020	2019	118,525	10,594,443	76,857,217	4,170,306	72,686,911	6.861%	613
2021	2020	117,875	10,756,543	74,123,748	3,722,468	70,401,280	6.545%	597
2022	2021	115,440	10,903,711	71,055,279	2,918,173	68,137,106	6.249%	590

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

**POTTER COUNTY, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
SEPTEMBER 30, 2022**

Table 12

Governmental Unit	Gross Debt	Estimated Percent Applicable	Potter County Share of Debt
Direct:			
Potter County, Texas	\$ 73,796,279	100.00%	<u>\$ 73,796,279</u>
Overlapping:			
Amarillo Independent School District	225,314,410	51.69%	116,465,019
Amarillo College District	60,287,601	45.80%	27,611,721
River Road Independent School District	7,920,097	100.00%	7,920,097
Highland Park Independent School District	16,270,000	100.00%	16,270,000
Bushland Independent School District	6,843,022	86.51%	5,919,898
City of Amarillo	227,431,003	45.61%	<u>103,731,280</u>
			<u>277,918,015</u>
Total Direct and Overlapping Debt			<u><u>\$ 351,714,294</u></u>

Source: Potter County Auditor's Office

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Percentages were calculated by determining the portion of the county's total taxable value that is within the entities' boundaries and dividing it by the County's total taxable assessed valuation.

**POTTER COUNTY, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Table 13

Fiscal Year	Population	Personal Income (In Thousands)	Per Capita Income	Unemployment Rate
2013	122,146	\$ 4,344,796	\$ 35,712	5.00%
2014	121,627	4,950,949	40,706	4.10%
2015	121,857	5,158,694	42,334	3.20%
2016	122,082	5,341,958	43,749	3.30%
2017	120,346	5,220,203	43,249	2.90%
2018	119,648	5,257,978	43,945	2.70%
2019	117,415	5,411,245	46,086	2.70%
2020	118,525	5,866,750	49,498	5.00%
2021	117,875	* 6,022,234 *	51,090	3.20%
2022	115,440	* 6,499,175 *	56,299	3.00%

Source: Texas Workforce Commission Tracer

\* - Estimates are based on the average growth of the previous 5 years.

**POTTER COUNTY, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

Table 14

Employer	2022			Employer	2013		
	Employees	Rank	Percentage of County Employment		Employees	Rank	Percentage of County Employment
Amarillo ISD	4,500	1	3.90%	Amarillo ISD	4,298	1	3.23%
Tyson Foods	4,300	2	3.73%	Tyson Foods	3,750	2	2.82%
CNS Pantex	3,844	3	3.33%	BWXT Pantex	3,233	3	2.43%
Baptist St. Anthony's Health Care System	3,100	4	2.69%	Baptist St. Anthony's Health Care System	3,150	4	2.37%
Northwest Texas Healthcare System	2,150	5	1.86%	City of Amarillo	2,045	5	1.54%
City of Amarillo	1,953	6	1.69%	Northwest Texas Healthcare System	1,393	6	1.05%
Xcel Energy/Southwestern Public Service Co.	1,431	7	1.24%	Bell Helicopter Textron Inc.	1,270	7	0.96%
Affiliated Foods/TriState Baking/Plains Dairy	1,250	8	1.08%	Texas Department of Criminal Justice	1,246	8	0.94%
Amarillo VA Health Care System	984	9	0.85%	Western National Life Insurance Company	1,002	9	0.75%
Bell Helicopter Textron Inc.	900	10	0.78%	Xcel Energy	1,002	10	0.75%
	<u>24,412</u>		<u>21.15%</u>		<u>22,389</u>		<u>16.84%</u>

Source: Amarillo Chamber of Commerce

**POTTER COUNTY, TEXAS**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/ACTIVITY**  
**LAST TEN FISCAL YEARS**

Table 15

Activity	Full-time Equivalent Employees as of September 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>GENERAL FUND</b>										
General Administrative	63.8	64.3	66.8	67.8	69.0	68.0	67.0	59.0	59.0	54.5
Facilities Maintenance	27.0	27.0	27.0	28.0	28.0	29.0	28.0	25.0	25.0	24.0
Elections Administration	4.5	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0	4.5
Judicial	145.5	143.5	147.0	150.5	149.5	151.5	149.0	148.0	146.0	154.0
Public Safety	87.0	89.0	89.0	89.0	89.0	100.0	104.0	104.0	109.0	110.0
Corrections and Rehabilitation	125.0	128.0	131.0	130.0	130.0	138.0	139.0	145.0	146.0	146.0
Health and Human Services	11.0	12.0	11.0	11.0	11.0	14.0	15.0	15.0	15.0	14.0
Road & Bridge	26.0	26.0	26.0	26.0	26.0	25.0	25.0	25.0	25.0	24.0
<b>TOTAL GENERAL FUND</b>	<b>489.8</b>	<b>494.3</b>	<b>502.3</b>	<b>506.8</b>	<b>507.0</b>	<b>530.5</b>	<b>532.0</b>	<b>526.0</b>	<b>530.0</b>	<b>531.0</b>
<b>OTHER GOVERNMENTAL FUNDS</b>										
Judicial	10.5	7.5	10.0	8.0	4.0	4.0	2.0	1.0	1.0	1.0
Public Safety	5.0	6.0	6.0	10.0	10.0	3.0	3.0	5.0	5.0	5.0
Corrections and Rehabilitation	22.0	22.0	22.0	22.0	23.5	24.0	24.0	24.0	24.0	24.0
<b>TOTAL OTHER GOVERNMENTAL FUNDS</b>	<b>37.5</b>	<b>35.5</b>	<b>38.0</b>	<b>40.0</b>	<b>37.5</b>	<b>31.0</b>	<b>29.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>527.3</b>	<b>529.8</b>	<b>540.3</b>	<b>546.8</b>	<b>544.5</b>	<b>561.5</b>	<b>561.0</b>	<b>556.0</b>	<b>560.0</b>	<b>561.0</b>

Source: Potter County employee records

**POTTER COUNTY, TEXAS  
OPERATING INDICATORS BY FUNCTION/ACTIVITY  
LAST TEN FISCAL YEARS**

Table 16

Activity	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
<b>Tax Office</b>										
Auto titles issued	32,260	31,956	31,122	31,307	29,818	29,912	29,255	28,904	29,668	29,513
Auto registrations	103,780	104,742	108,774	102,417	104,397	105,106	104,311	102,311	105,412	105,069
<b>County Clerk</b>										
Marriage license applications	1,476	1,529	1,540	1,501	1,429	1,273	1,174	1,034	1,131	1,188
Real property documents filed	21,359	19,822	18,617	19,517	22,300	19,092	17,643	17,063	20,072	18,972
<b>Elections Administration</b>										
Registered voters	51,003	52,747	54,120	54,999	54,024	53,219	55,640	55,085	55,296	58,048
<b>Administration of Justice</b>										
<b>District Court Level</b>										
Civil cases filed	3,426	3,472	3,981	3,212	3,953	3,825	2,328	2,480	2,901	2,592
Civil case dispositions	3,259	3,477	3,229	3,420	2,971	4,154	2,393	2,484	3,209	2,915
Criminal cases filed	2,202	2,385	2,019	2,165	2,243	1,808	2,162	3,252	2,357	2,304
Criminal case dispositions	2,151	2,449	2,212	1,987	2,161	1,996	2,178	3,005	1,283	1,836
<b>County Court Level</b>										
Civil cases filed	922	1,065	977	805	834	981	1,063	881	793	735
Civil case dispositions	876	1,080	870	776	722	875	1,071	769	743	980
Criminal cases filed	3,011	2,342	2,816	2,556	2,231	2,201	1,470	1,889	1,955	1,886
Criminal case dispositions	3,200	3,189	2,597	2,793	1,991	2,069	1,926	833	1,009	1,393
<b>Justice of the Peace court level</b>										
Civil cases filed	2,117	2,032	2,291	2,517	2,386	2,526	2,592	2,235	2,097	3,103
Civil case dispositions	2,058	1,962	2,063	1,842	2,045	2,341	2,023	2,815	2,863	3,175
Criminal cases filed	8,038	9,209	6,954	5,716	4,588	5,379	5,347	5,916	3,771	4,938
Criminal case dispositions	8,374	7,680	9,617	5,249	7,244	4,874	4,902	5,216	3,220	4,714
<b>Public Safety &amp; Correctional</b>										
<b>Sheriff</b>										
Average Daily Jail Population	491	501	477	495	527	555	518	504	446	506
Average Daily Prisoner Cost	\$ 52.55	\$ 57.05	\$ 60.32	\$ 60.15	\$ 57.69	\$ 58.56	\$ 66.70	\$ 69.99	\$ 71.91	\$ 70.42

Sources: Potter County Offices, TxDOT and the Office of Court Administration

**POTTER COUNTY, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY  
LAST TEN FISCAL YEARS**

Table 17

<u>Activity</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government										
Office Buildings / Courthouses	7	7	7	7	7	7	7	7	7	7
Public Safety & Correctional										
Constables										
Patrol vehicles	4	4	4	4	4	4	4	4	4	4
Sheriff										
Enforcement vehicles	43	43	46	46	46	48	48	48	48	55
Corrections vehicles	10	10	8	8	8	8	8	8	8	13
Fire / Rescue										
Fire Stations	7	7	7	7	7	7	7	7	7	6
Transportation										
County Roads (miles)	287.86	291.56	291.56	291.37	291.37	291.37	301.46	301.46	301.46	304.90
Bridges	2	2	2	2	2	2	2	2	2	2

Source: Various County departments and County fixed asset reports

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## **COMPLIANCE**



To The Honorable County Judge and  
Commissioners Comprising the  
Commissioners' Court of  
Potter 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, the business-type activities, each major fund and the aggregate remaining fund information of Potter County, Texas (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 County'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 County'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

March 20, 2023