

HUNT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022

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HUNT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022

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GENERAL INFORMATION

HUNT COUNTY, TEXAS
ROSTER OF PUBLIC OFFICIALS
SEPTEMBER 30, 2022

County Judge..... Bobby Stovall
Commissioner, Precinct 1..... Mark Hutchins
Commissioner, Precinct 2..... Randy Strait
Commissioner, Precinct 3..... Phillip Martin
Commissioner, Precinct 4..... Steve Harrison
County Auditor Bruce Ballard
County Clerk Becky Landrum
County Treasurer..... Brittni Turner
County Tax Assessor Collector Randy Wineinger
County Attorney Calvin Grogan
County Sheriff Terry Jones
Justice of the Peace, PCT 1, Place 1..... Wayne Money
Justice of the Peace, PCT 1, Place 2..... Sheila Linden
Justice of the Peace, PCT 2..... Kerry Crews
Justice of the Peace, PCT 3..... Christie Roundtree
Justice of the Peace, PCT 4..... David McNabb
District Clerk Susan Spradling

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Court

Report on the Financial Statements

Opinions

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

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

Change in Accounting Principle

As described in Note M to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the County'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 including 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 the County'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pension and other post-employment benefit activities 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 the County's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Rutherford, Taylor & Company, P.C." The signature is written in a cursive style.

July 14, 2023
Greenville, Texas

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

Members of the Court

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hunt County, Texas (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 July 14, 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Rutherford, Taylor & Company PC

July 14, 2023
Greenville, Texas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Court
Hunt County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hunt County, Texas's (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud, or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

Internal Control over Compliance with the Uniform Guidance – Continued

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of This Report

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



July 14, 2023
Greenville, Texas

HUNT COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 YEAR ENDED SEPTEMBER 30, 2022

Summary of Auditor's Results

Financial Statements –

Type of auditor's report issued	Unmodified Opinion
Internal Control over Financial Reporting:	
Material Weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted	None

Federal Awards –

Internal control over major programs:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of Auditor's report issued on compliance for major programs	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	No
Identification of major programs	American Rescue Plan – SLFRF (21.027)
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Entity qualified as a low risk auditee	No
Pass-through Entity	State of Texas

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

Financial Statement Findings (Section II)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

Prior Year Findings (Section III)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

Federal Award Findings and Questioned Costs (Section IV)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

Corrective Action Plan (Section V)

NONE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplemental Information)

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

As management of Hunt County, Texas (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2022. This discussion includes comparative data for the prior year. Please read it in conjunction with the basic financial statements and related notes which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

- The County's combined total net position is \$ 58,572,975 on September 30, 2022.
- For the year, the County's expenses were \$ 7,956,976 less than the \$ 58,630,494 generated in local property taxes and other revenues for governmental activities.
- Overall costs for the County were like prior years with little change in the types of services or programs operated this year.
- The General Fund reported a fund balance of \$ 31,246,200 which is an increase of \$ 4,807,408 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Hunt County, Texas basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The County's annual report includes two government-wide financial statements, the *Statement of Net Assets*, and the *Statement of Activities*, both of which present all of the governmental activities of the County, excluding fiduciary activities. Governmental activities of the County include general government, judicial, public safety, corrections and rehabilitation, health and human services, community development, infrastructure, and debt service. These activities are principally supported by local property and sales taxes. The County has no business-type activities.

The *Statement of Net Position* presents all the County's assets and liabilities, with the difference between the two reported as Net Position. Net position is equivalent to the equity section of a private sector balance sheet. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluation of the overall economic health of the County would extend to other nonfinancial factors such as the County's property tax base and the condition of the County's infrastructure in addition to the financial information provided in this report.

The *Statement of Activities* presents information showing how the County's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Fund Financial Statements

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

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

Fund Financial Statements. (Continued)

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash resources flow into and out of those funds and the balances remaining at the year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon afterwards to be used to pay liabilities of the current period.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This will present readers with a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Equity provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for this fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held by the County in a custodial capacity as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to fund County programs. The fiduciary funds are disclosed in the Statement of Net Assets - Fiduciary Funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements presented in the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets -

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of Hunt County, assets and other deferred outflows exceeded liabilities and other deferred inflows by \$ 58,572,975 at the close of the most recent fiscal year, an increase from the previous fiscal year due primarily to a combination of increased revenues and expenditures. The largest portion of the County's net position represents investments in capital assets (e.g., road and bridge infrastructure; buildings and other improvements; furniture, machinery, and equipment; and land), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending. An additional portion of the net position is restricted for specific and legal purposes. Included as restricted are the funds held for the repayment of debt. The remaining balance of unrestricted net position represents resources available for future operations.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS, (CONTINUED)

The following table provides a summary of the County's Statement of Net Position as of September 30, 2022 and 2021.

	<u>Summary of Statement of Net Position</u>		Total Percentage Change <u>2021-2022</u>
	Governmental Activities		
	<u>2022</u>	<u>2021</u>	
Assets			
Current and Other Assets	\$ 78,929,948	\$ 64,396,984	22.57%
Capital Assets	<u>33,932,093</u>	<u>30,636,570</u>	10.76%
Total Assets	<u>\$ 112,862,041</u>	<u>\$ 95,033,554</u>	18.76%
Deferred Outflows of Resources			
Deferred Outflows	<u>\$ 5,455,871</u>	<u>\$ 7,303,390</u>	-25.30%
Liabilities			
Current and Other Liabilities	\$ 19,506,478	\$ 4,573,233	326.54%
Non-Current Liabilities	<u>26,997,905</u>	<u>33,776,439</u>	-20.07%
Total Liabilities	<u>\$ 46,504,383</u>	<u>\$ 38,349,672</u>	21.26%
Deferred Inflows of Resources			
Deferred Inflows	<u>\$ 13,240,554</u>	<u>\$ 4,598,302</u>	187.94%
Net Position			
Net Investment in Capital Assets	\$ 26,285,363	\$ 24,600,979	6.85%
Restricted	523,572	7,733,164	-93.23%
Unrestricted	<u>31,764,040</u>	<u>18,295,469</u>	73.62%
Total Net Position	<u>\$ 58,572,975</u>	<u>\$ 50,629,612</u>	15.69%

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities

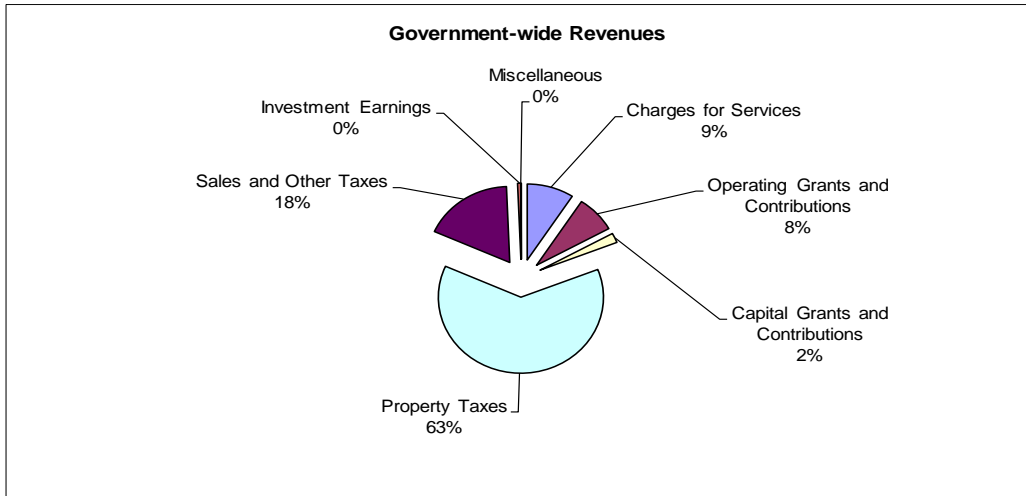
The Statement of Activities presents the revenues and expenses of the County and the resulting change in the net assets. The following table provides a summary of the County's Statement of Activities for the years ended September 30, 2022 and 2021.

	<u>Governmental</u>		Total Percentage Change <u>2021-2022</u>
	Activities		
	<u>2022</u>	<u>2021</u>	
Revenues			
Program Revenues:			
Charges for Services	\$ 5,381,364	\$ 4,764,262	12.95%
Operating Grants and Contributions	4,580,557	4,798,175	-4.54%
Capital Grants and Contributions	1,206,615	519,917	132.08%
General Revenues:			
Property Taxes	36,718,044	35,577,722	3.21%
Sales and Other Taxes	10,364,517	9,216,068	12.46%
Investment Earnings	343,034	41,818	720.30%
Miscellaneous	36,363	602,762	-93.97%
Total Revenues	\$ 58,630,494	\$ 55,520,724	5.60%
Expenses			
Current Expenses:			
General Government	\$ 8,562,882	\$ 9,776,581	-12.41%
Judicial	11,513,083	11,104,059	3.68%
Public Safety	9,299,477	8,321,945	11.75%
Corrections and Rehabilitation	6,637,441	6,614,536	0.35%
Health and Human Services	3,394,844	2,295,871	47.87%
Community Development	280,214	458,510	-38.89%
Infrastructure	10,898,533	11,102,802	-1.84%
Debt Service	87,044	279,265	-68.83%
Total Expenses	\$ 50,673,518	\$ 49,953,569	1.44%
Change in Net Position	\$ 7,956,976	\$ 5,567,155	42.93%
Net Position - Beginning (October 1)	\$ 50,629,612	\$ 45,062,457	12.35%
Prior Period Adjustment	(13,613)	-	100.00%
Net Position - Beginning as restated	<u>\$ 50,615,999</u>	<u>\$ 45,062,457</u>	12.32%
Net Position - Ending (September 30)	<u>\$ 58,572,975</u>	<u>\$ 50,629,612</u>	15.69%

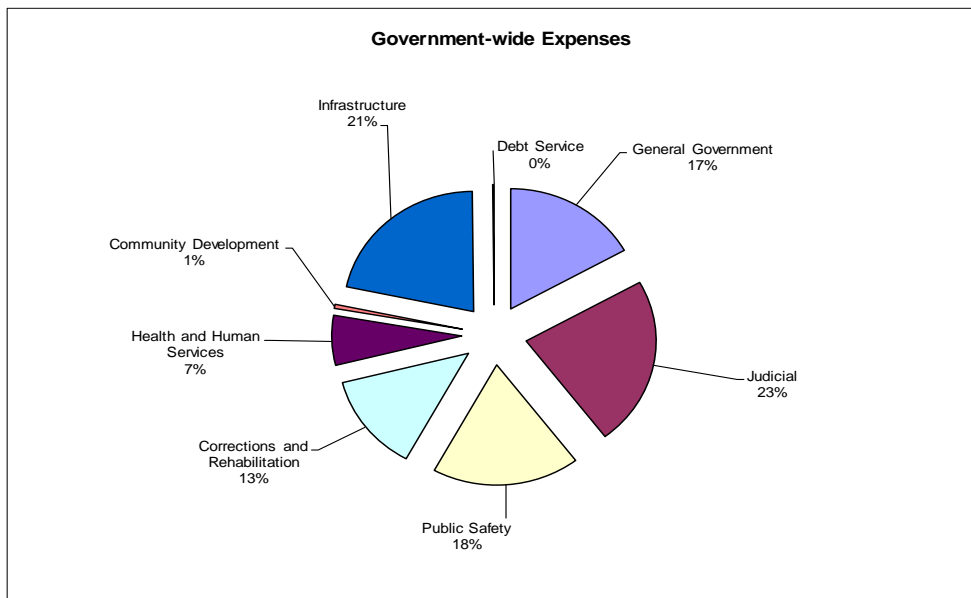
HUNT COUNTY, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED SEPTEMBER 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities. Revenues for the County's governmental activities were \$ 58,630,494, up by 5.60% from the prior year while total expenses were \$ 50,673,518, up by 1.44% compared to the prior year. The increase in net position of \$ 7,956,976 reflects an increase of 15.72% for the year, from \$ 50,615,999 at the beginning of the year to \$ 58,572,975 at the end of the year. The following charts graphically display the components of governmental revenues and expenses for the year.



Revenues for the County's governmental activities totaled \$ 58,630,494 for the year ended September 30, 2022. As graphically portrayed above, the County continues to be heavily reliant on ad valorem taxes to support governmental operations. Ad valorem taxes decreased to 62.63% of the County's total governmental revenues. In general, the County's tax revenues are dependent on the property values and local economy of Hunt County, Texas. Sales and other taxes as a percentage of total revenues increased to 17.68% in the current period. Fees, fines, and charges for services provided 9.18% of the County's total governmental revenues during the fiscal year compared to 8.58% in the prior year. Other components of total revenues remained relatively stable as compared to the prior year.



HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS, (CONTINUED)

Expenses for the County's governmental activities totaled \$ 50,673,518 for the year ended September 30, 2022. Of this amount, the largest operating services area was judicial which totaled \$ 11,513,083, for the year compared to \$ 11,104,059 in the prior year, approximately 23% for the current year. Infrastructure which totaled \$ 10,898,533 for the year compared to \$ 11,102,802 for the prior year, decreasing for the public infrastructure bond program currently in progress. Costs related to general government (\$ 8,562,882) and public safety (\$ 9,299,477) continued to absorb significant percentages of the County's total expenses in the current year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds – The focus of the County's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The County's governmental funds reflect a combined fund balance of \$ 50,279,014 as of year-end, up \$ 2,225,042 as compared to \$ 48,053,972 at the end of the previous fiscal year. Approximately 61.74% (\$ 31,042,091) of the combined fund balances for the governmental funds constitutes unassigned fund balance, which is available to meet the County's current and future operating needs. The other components of the fund balance are nonspendable (\$ 205,346), restricted (\$ 9,121,363), or committed (\$ 9,910,214).

The General Fund is the principal operating fund of the County and the largest source of day-to-day service delivery. In the General Fund, the County spent \$ 36,051,064 on County services and collected revenues of \$ 40,786,226, netting an increase of revenues over expenditures of \$ 4,735,162 for the fiscal year ended September 30, 2022 as compared to an increase of revenues over expenditures of \$ 8,329,436 during the previous fiscal year. Also, during the current year, General Fund assets amounting to \$ 504,803 were transferred to other funds. Additionally, support of \$ 282,779 was received from other funds for support of General Fund activities. Overall, the General Fund's fund balance increased \$ 4,807,408 during the current year. This increase is ultimately combined with a beginning fund balance of \$ 26,438,792 to provide an ending fund balance total of \$ 31,246,200 as of September 30, 2022, an overall increase from the end of the previous fiscal year.

The Capital Projects Fund accounts for the debt proceeds issued for long term road improvements. Bonds including premiums were issued to fund various road projects in the County in previous years. The Commissioners Court committed \$ 10,000,000 of funds from the General Fund for future capital improvements in prior years as well. Expenses totaled \$ 3,377,677 for the year offset by \$ 562,903 of investment and other income resulting in an ending fund balance of \$ 11,504,003. The equity balance is either restricted, which can only be used as described in the bond covenants or committed to be spent under the direction of the Commissioner Court.

Other Governmental Funds ended the year with a fund balance of \$ 7,481,348, up 2.53% from the prior year balance of \$ 7,296,403. 58.67% or \$ 4,389,957 of the year-end fund balance is restricted for debt service and other outside controlled items. Most of the remaining 41.33% (\$ 3,091,391) of the fund balance is committed.

General Fund Budgetary Highlights

The General Fund expenditure budget for fiscal year 2022, as amended, was \$ 42,315,964 compared to \$ 39,591,128 for fiscal year 2021. Amendments to the original 2022 budget increased revenues by 1.6% and expenditures by 1.47%. Significant budget amendments approved by the Commissioners Court during the period ended September 30, 2022 are as follows:

- General Government budget increased by \$ 111,605. This line-item budgets for contingency expenses that cannot be anticipated during the budgeting process. The budget increase represents additional amounts that were expected to be needed during the year because of higher-than-normal transfers of budgetary authority to other budget areas to cover unanticipated costs including facility repairs and maintenance.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

General Fund Budgetary Highlights, (Continued)

- Judicial budget increased by \$ 38,564 due largely to increased costs of court activities related to technology and protective items related to the judicial issues remaining from pandemic delays.
- Public Safety budget increased by \$ 243,442 mainly due to increased costs related to vehicles, tools, equipment, supplies, and certifications related to law enforcement, along with increased costs related to the pandemic supply chain delays.

Actual revenues for the year were \$ 41,363,275 or \$ 2,513,771 greater than expectations primarily due to higher-than-expected revenues from sales taxes and other taxes reduced by reductions in fees collected. In addition, General Fund expenditures amounted to \$ 36,555,867 or \$ 5,760,097 under budget. All functional areas came in within budget except for infrastructure. This was caused by the addition of a county-wide road maintenance crew and related equipment purchased for its implementation.

Further comparison of the County's actual operating results as compared to budget can be found in the required supplementary information section of the report following the notes to the financial statements.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities funds as of September 30, 2022, amounts to \$ 33,932,094 compared to \$ 30,636,570 at September 30, 2021 (net of accumulated depreciation and amortization). Capital Assets include right of use lease assets as well as land, buildings and improvements, road and bridge infrastructure, and furniture, machinery and equipment which are used by the County in performance of the County's functions. During the year, \$ 5,254,150 was added to buildings, roads, furniture, machinery, and equipment for courthouse renovations, roads, automobiles, and trucks offset by deductions of \$ 759,994 related to disposals of vehicles and heavy equipment. Depreciation and amortization provided for the current fiscal period was \$ 2,361,722 as compared to \$ 2,112,872 for the year ended September 30, 2021. Additional information on capital assets can be found in Note C of this report. A schedule of capital assets and right of use lease assets as well as the change in values is presented below:

	Capital Assets		Total Percentage Change <u>2021-2022</u>
	Governmental Activities		
	<u>2022</u>	<u>2021</u>	
Nondepreciable Assets			
Land	\$ 897,896	\$ 897,896	0.00%
Depreciable Assets			
Buildings and Improvements	25,376,911	25,376,911	0.00%
Equipment	51,595,231	48,741,218	5.86%
Vehicles	17,018,737	15,598,149	9.11%
Right of Use Lease Assets	<u>383,933</u>	<u>-</u>	
Total Capital Assets	\$ 95,272,708	\$ 90,614,174	5.14%
Less Accumulated Depreciation	<u>(59,460,667)</u>	<u>(59,977,604)</u>	-0.86%
Net Capital Assets	<u>\$ 35,812,041</u>	<u>\$ 30,636,570</u>	16.89%

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

Long-term Debt. As of September 30, 2022, the County had total long-term debt outstanding of \$ 13,907,231, of which \$ 11,065,000 was general obligation bonds. The remainder of the County's long-term debt is primarily amounts due to the state for sales tax overpayments as well as financing leases for equipment purchases. In total, long-term debt decreased \$ 1,230,114 from the previous year-end balance of \$ 15,137,345. The County believes they are currently in compliance with all significant debt limitations and restrictions. Additional information on the County's long-term debt can be found in Note D of this report.

Long Term Obligations			
	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
General Obligation Bonds	\$ 11,065,000	\$ 11,220,000	-1.38%
Direct Borrowings	563,844	635,000	-11.21%
Right of Use Leases	169,972	621,409	-72.65%
Other Debt Payable	<u>2,108,415</u>	<u>2,130,387</u>	-1.03%
Total Long-Term Obligations	<u>\$ 13,907,231</u>	<u>\$ 14,606,796</u>	-4.79%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Hunt County Commissioner's Court considered many factors when setting the fiscal year 2022/2023 budget, tax rates and fees that will be charged for its activities. The key factors that affected the formulation of next year's budget and rates are discussed below.

The County's total population continues on a steady upward trend increasing to approximately 110,000 for 2023, up by 43% from the year 2000 level of 76,596. In recent years, the County has experienced relatively low inflation rates which have closely followed the national trends. In compiling next year's budget, no significant change in the inflation rate has been anticipated.

Amounts of appropriation in the 2022/2023 General Fund budget are \$ 47,141,154, an increase of 8.01% from the prior year budget of \$ 43,646,638. An increase in the County's tax roll allowed the County's tax rate per \$100 of valuation to remain steady for fiscal year 2022/2023 as compared to the prior year. The County will use available revenues to finance services we currently offer and the effect that we expect inflation and other economic factors to have on the cost of performing County functions. Significant factors that affected the 2022/2023 budget include increased investment earnings along with increases in the County's wages, employee retirement costs, unemployment insurance, health insurance, and worker's compensation insurance. No other major new services or programs were added to the 2022/2023 budget.

There appears to be potential structural problems for the County's criminal justice center. As of the report date, the cost of any necessary repairs, if any, has not been determined. No liability is reflected in the County's balance sheet for this contingency at September 30, 2022. The County received funds from plaintiffs in settlement of various actions and claims during prior years. These funds have been committed by the Commissioners Court to provide for future repairs to the center.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Hunt County's finances for all of those with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be directed to Bobby Stovall, County Judge, located on the second floor of the Hunt County Courthouse at 2507 Lee Street, Greenville, TX 75401.

BASIC FINANCIAL STATEMENTS

HUNT COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 67,884,230
Receivables (Net of Allowance for Uncollectable Amounts)	
Property Taxes	3,088,334
Sales Tax	1,183,646
Fines, Fees and Court Costs	206,330
Others	178,775
Due from Custodial Funds	20,623
Prepaid Items	205,346
Other Assets	93,749
Capital Assets, Net	33,390,356
Right of Use Lease Assets	541,737
Net Pension Asset	<u>6,068,915</u>
Total Assets	<u>\$ 112,862,041</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	\$ 3,902,925
Deferred Outflows - OPEB	<u>1,552,946</u>
Total Deferred Outflows of Resources	<u>\$ 5,455,871</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,913,468
Wages and Benefits Payable	884,371
Due to Others	813,491
Interest Payable	26,626
Unearned Revenue	15,868,522
Long-term Liabilities:	
Due within one year	1,273,256
Due in more than one year	12,633,975
Net OPEB Liability	<u>13,090,674</u>
Total Liabilities	<u>\$ 46,504,383</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pensions	\$ 11,637,941
Deferred Inflows - OPEB	<u>1,602,613</u>
Total Other Deferred Inflows Resources	<u>\$ 13,240,554</u>
NET POSITION	
Net Investment in Capital Assets	\$ 26,285,363
Restricted for:	
Debt Retirement	523,572
Unrestricted	<u>31,764,040</u>
Total Net Position	<u><u>\$ 58,572,975</u></u>

The accompanying notes are an integral part of this statement.

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

Programs Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
General Government	\$ 8,562,882	\$ 2,667,503	\$ 12,088	\$ -	\$ (5,883,291)
Judicial	11,513,083	1,182,657	1,039,003	-	(9,291,423)
Public Safety	9,299,477	225,151	169,318	781,152	(8,123,856)
Corrections and Rehabilitation	6,637,441	457,458	1,414	-	(6,178,569)
Health and Human Services	3,394,844	586,963	3,358,620	-	550,739
Community Development	280,214	12,191	114	-	(267,909)
Infrastructure	10,898,533	249,441	-	425,463	(10,223,629)
Debt Service	87,044	-	-	-	(87,044)
Total Governmental Activities	<u>\$ 50,673,518</u>	<u>\$ 5,381,364</u>	<u>\$ 4,580,557</u>	<u>\$ 1,206,615</u>	<u>\$ (39,504,982)</u>
Total Primary Government	<u>\$ 50,673,518</u>	<u>\$ 5,381,364</u>	<u>\$ 4,580,557</u>	<u>\$ 1,206,615</u>	<u>\$ (39,504,982)</u>
General Revenues:					
Property Taxes					\$ 36,718,044
Sales and Other Taxes					10,364,517
Investment Earnings					343,034
Miscellaneous Revenue					36,363
Total General Revenues					<u>\$ 47,461,958</u>
Change in Net Position					<u>\$ 7,956,976</u>
Net Position - Beginning (October 1)					\$ 50,629,612
Prior Period Adjustment					<u>(13,613)</u>
Net Position - Beginning as restated					<u>\$ 50,615,999</u>
Net Position - Ending (September 30)					<u>\$ 58,572,975</u>

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 35,359,915	\$ 15,633,028	\$ 16,774,730	\$ 67,767,673
Receivables				
Property Taxes	2,663,940	-	845,531	3,509,471
Allowance for Uncollectible Taxes	(319,673)	-	(101,464)	(421,137)
Sales Tax	1,183,646	-	-	1,183,646
Other Receivables	27,383	-	161,391	188,774
Due from Other Funds	20,623	-	3,701,532	3,722,155
Prepaid Items	204,109	-	1,237	205,346
Other Assets	749	-	-	749
Total Assets	<u>\$ 39,140,692</u>	<u>\$ 15,633,028</u>	<u>\$ 21,382,957</u>	<u>\$ 76,156,677</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 953,102	\$ 103,768	\$ 856,594	\$ 1,913,464
Wages and Other Benefits Payable	738,075	-	146,296	884,371
Due to Others	696,215	-	111,075	807,290
Due to Other Funds	3,183,254	325,278	-	3,508,532
Unearned Revenue	126,762	15,156,519	244,024	15,527,305
	-			
Total Liabilities	<u>\$ 5,697,408</u>	<u>\$ 15,585,565</u>	<u>\$ 1,357,989</u>	<u>\$ 22,640,962</u>
DEFERRED INFLOW OF RESOURCES				
Property Taxes and Other	\$ 2,197,084	\$ -	\$ 1,039,617	\$ 3,236,701
Total Deferred Inflow of Resources	<u>\$ 2,197,084</u>	<u>\$ -</u>	<u>\$ 1,039,617</u>	<u>\$ 3,236,701</u>
FUND EQUITY				
Nonspendable	\$ 204,109	\$ -	\$ 1,237	\$ 205,346
Restricted	-	47,463	9,073,900	9,121,363
Committed	-	-	9,910,214	9,910,214
Assigned	-	-	-	-
Unassigned	31,042,091	-	-	31,042,091
Total Fund Equity	<u>\$ 31,246,200</u>	<u>\$ 47,463</u>	<u>\$ 18,985,351</u>	<u>\$ 50,279,014</u>
Total Liabilities and Fund Equity	<u>\$ 39,140,692</u>	<u>\$ 15,633,028</u>	<u>\$ 21,382,957</u>	<u>\$ 76,156,677</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Equity - Governmental Funds (Exhibit A-3)	\$ 50,279,014
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore not reported in the balance sheet	33,390,356
Right of use lease assets (net of accumulated amortization) used in governmental activities are not current financial resources and therefore not reported in the balance sheet	541,737
Property taxes receivable are unavailable to pay for current period expenditures and are not recognized as a fund receivable	2,895,481
Fines and fees receivable are unavailable to pay for current period expenditures and are not recognized as a fund receivable	206,330
Interest payable on noncurrent liabilities are not due and payable in the current period and are not reported in the funds	(26,626)
Noncurrent liabilities are not due and payable in the current period and therefore not reported in the funds as follows:	
Bonds and Related Premium	(11,596,160)
Direct Borrowings	(169,972)
Compensated Absences	(673,139)
Comptroller Overpayment	(904,116)
Right of Use Leases	(563,844)
Recognition of the Net Pension Asset not reported in the funds.	6,068,915
Deferred Resources Inflows related to Pensions are not reported in the funds.	(11,637,941)
Deferred Resource Outflows related to Pensions are not reported in the funds.	3,902,925
Recognition of the OPEB Liability not reported in the funds.	(13,090,674)
Deferred Resources Inflows related to OPEB are not reported in the funds.	(1,602,613)
Deferred Resource Outflows related to OPEB are not reported in the funds.	1,552,946
Assets and liabilities of internal service funds are included in the governmental activities of the Statement of Net Position	356
Total Net Position - Governmental Activities (Exhibit A-1)	\$ 58,572,975

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	General	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes - Property	\$ 27,522,658	\$ -	\$ 9,179,939	\$ 36,702,597
Taxes - Sales and Other	8,396,412	-	-	8,396,412
Fees and Fines	2,825,205	-	1,264,168	4,089,373
Motor Vehicle Fees	425,799	-	1,349,460	1,775,259
Intergovernmental Support	408,782	2,994,210	2,069,020	5,472,012
Investment Earnings	220,065	47,463	122,614	390,142
Miscellaneous	987,305	-	817,791	1,805,096
Total Revenues	\$ 40,786,226	\$ 3,041,673	\$ 14,802,992	\$ 58,630,891
EXPENDITURES				
Current:				
General Government	\$ 8,376,926	\$ -	\$ 240,130	\$ 8,617,056
Judicial	9,974,938	-	1,349,371	11,324,309
Public Safety	8,860,148	-	658,760	9,518,908
Corrections and Rehabilitation	6,779,845	-	61,719	6,841,564
Health and Human Services	878,330	2,261,415	356,852	3,496,597
Community Development	277,973	-	1,898	279,871
Infrastructure	523,274	732,795	13,626,084	14,882,153
Debt Service	379,630	-	1,360,031	1,739,661
Total Expenditures	\$ 36,051,064	\$ 2,994,210	\$ 17,654,845	\$ 56,700,119
Excess (Deficiency) of Revenues over Expenditures	\$ 4,735,162	\$ 47,463	\$ (2,851,853)	\$ 1,930,772
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	\$ 289,800	\$ -	\$ -	\$ 289,800
Transfers In	282,779	-	504,803	787,582
Transfers Out	(504,803)	-	(282,779)	(787,582)
Capital Asset Sale Proceeds	4,470	-	-	4,470
Net Other Financing Sources (Uses)	\$ 72,246	\$ -	\$ 222,024	\$ 294,270
Net Change in Fund Equity	\$ 4,807,408	\$ 47,463	\$ (2,629,829)	\$ 2,225,042
Fund Equity - October 1 (Beginning)	26,438,792	-	21,615,180	48,053,972
Fund Equity - September 30 (Ending)	\$ 31,246,200	\$ 47,463	\$ 18,985,351	\$ 50,279,014

The accompanying notes are an integral part of this statement.

**HUNT COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND EQUITY OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

Net Change in Fund Equity - Total Governmental Funds (Exhibit A-5)	\$ 2,225,042
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital asset cost is allocated over the estimated useful life and reported as depreciation in the statement of activities	(2,166,967)
Right of use lease asset cost is allocated over the lease term and reported as amortization in the statement of activities	(194,755)
Acquisition of capital assets requires the use of current financial resources but has no effect on net assets	5,034,595
Acquisition of right of use lease assets required the use of current financial resources but has no effect on net assets	219,555
Disposal of Capital Assets are reported as revenues in the funds but the gain or loss from the sale is reported in the Statement of Activities.	(113,844)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Property Taxes	15,446
Change in Fines and Court Costs	(16,200)
Repayment of debt principal is an expenditure in the funds but the payments reduce liabilities in the statement of net assets	
Debt principal payments are as follows:	
Bonds	155,000
Direct Borrowings	1,086,437
Right of Use Leases	186,259
Comptroller Overpayment	58,170
Certain 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	
Change in Interest Expense	65,523
Bond Premium Amortization	30,984
Compensated Absence	(67,182)
OPEB Benefits	(516,326)
Issuance of debt proceeds are other resources in the funds but are not reflected in the Statement of Activities.	(219,555)
Net pension expense had to be recorded in the SOA but not the funds increasing net position.	2,174,438
The net revenue (expense) of internal service funds is reported with governmental activities	356
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ 7,956,976</u>

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Nonmajor Internal Service Fund <hr/> Insurance Fund <hr/>
ASSETS	
Cash and Investments	\$ 100,356
Other Assets	<hr/> 93,000
 Total Assets	 <hr/> \$ 193,356
LIABILITIES	
Due to Other Funds	<hr/> \$ 193,000
 Total Liabilities	 <hr/> \$ 193,000
NET POSITION	
Unrestricted	<hr/> \$ 356
 Total Net Position	 <hr/> <hr/> \$ 356

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Nonmajor Internal Service Fund Insurance Fund
OPERATING REVENUES	
Quasi External Interfund Transfer	\$ -
Total Operating Revenue	\$ -
OPERATING EXPENSES	
Administration Costs	\$ -
Reinsurance	-
Total Operating Cost	\$ -
Excess (Deficiency) Operating Revenue over Operating Expenses	\$ -
NONOPERATING REVENUES (EXPENSES)	
Investment Earnings	\$ 356
Net Investment Revenue (Expenses)	\$ 356
Change in Net Position	\$ 356
Net Position - October 1 (Beginning)	-
Net Position - September 30 (Ending)	\$ 356

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
SEPTEMBER 30, 2022

		Nonmajor Internal Service Fund <hr/> Insurance Fund <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Quasi - External Operating Transfers	\$	-
Cash Payments for Claims		-
Cash Payments for Administration		-
Cash Payments for Reinsurance		-
		<hr/>
Net Cash Provided by (Used for) Operating Activities	\$	-
CASH FLOWS FROM CAPITAL AND OTHER RELATED FINANCING ACTIVITIES		
None		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from Governmental Funds	\$	193,000
Payments to Escrow Agent		<u>(93,000)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	\$	<u>100,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earning Received	\$	<u>356</u>
Net Cash Provided by (Used for) Investing Activities	\$	<u>356</u>
Net Increase (Decrease) in Cash and investments	\$	100,356
Cash and Investments - October 1 (Beginning)		<hr/> -
Cash and Investments - September 30 (Ending)	\$	<u><u>100,356</u></u>
RECONCILIATION OF OPERATING EXCESS (DEFICIENCY) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Excess (Deficiency) of Operating Revenues over Operating Expenses	\$	-
Adjustments to reconcile operating income to net cash provided by operating activities -		
Change in Assets and Liabilities		<hr/> -
Net Cash Provided by Operating Activities	\$	<u><u>-</u></u>

The accompanying notes are an integral part of this statement.

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

	Custodial Funds	Total
ASSETS		
Cash and Investments	\$ 5,488,013	\$ 5,488,013
Total Assets	\$ 5,488,013	\$ 5,488,013
LIABILITIES		
Due to Other Funds	\$ 20,623	\$ 20,623
Due to Others	199,611	199,611
Total Liabilities	\$ 220,234	\$ 220,234
NET POSITION		
Held in Trust	\$ 5,267,779	\$ 5,267,779
Total Net Position	\$ 5,267,779	\$ 5,267,779

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	<u>Custodial Funds</u>	<u>Total</u>
ADDITIONS		
Fees and Fines	\$ 31,292,785	\$ 31,292,785
Tax Collections	166,609,671	166,609,671
Restitution	38,229	38,229
Miscellaneous Receipts	<u>19,979,551</u>	<u>19,979,551</u>
Total Additons	<u>\$ 217,920,236</u>	<u>\$ 217,920,236</u>
DEDUCTIONS		
Payments to Taxing Entities	\$ 166,689,864	\$ 166,689,864
Payments to State	17,939,276	17,939,276
Payments to County	29,539,159	29,539,159
Payments to Others	<u>3,322,437</u>	<u>3,322,437</u>
Total Deductions	<u>\$ 217,490,736</u>	<u>\$ 217,490,736</u>
Change in Net Position	\$ 429,500	\$ 429,500
Net Position, Beginning (October 1)	<u>4,838,279</u>	<u>4,838,279</u>
Net Position, Ending (September 30)	<u><u>\$ 5,267,779</u></u>	<u><u>\$ 5,267,779</u></u>

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies

The financial statements of Hunt County, Texas (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.

Financial Reporting Entity

Hunt County, Texas is a public corporation and political subdivision of the State of Texas. The Commissioner's 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, County attorney, county attorney, etc), public safety (sheriff, jail, etc), transportation, facilities, and public service (e.g., rural fire protection and emergency management.

As defined by accounting principles generally accepted in the United States of America (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the Hunt County, Texas (County), the primary government and its component units. The financial data of the component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Component units described below are each legally separate organizations from the County but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of and accountable to the County and blended into the government-wide and fund financial statements. The Hunt County Juvenile Probation Board operates the juvenile probation department.

Basic Financial Statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

Government-Wide Financial Statements (Statement of Net Position and Statement of Activities) – report on the County and its component units, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Government-Wide Statement of Net Position – reports all financial and capital resources to the County (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net Investment in capital assets are capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position are those with constraints placed on their use by either: 1) external imposition by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposition by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, are shown as unrestricted. Generally, the County would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies – (Continued)

Government-Wide Statement of Activities – demonstrates the degree to which both direct and indirect expenses of the various function and programs of the County are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated among separate functions. Program revenues include: 1) Fees, fines and charges paid by those who benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds are combined in a single column on the fund financial statements.

The County reports the following major governmental funds:

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.

American Rescue Plan – is a fund that accounts for the activity of funding received from the federal government under the American Rescue Plan Act of 2022. These funds are to be used to offset the effects of the Coronavirus Pandemic (COVID -19). All funds received are deferred until expenditures are incurred.

There are various other funds which the County uses to account for specific types of funds which are reported as other non-major governmental funds. These funds include various special revenue funds such as road and bridge funds, various records management funds and funds related to the juvenile probation activities. In addition, debt service funds include tax proceeds restricted to debt retirement and capital projects funds such as the right of way fund.

Special Revenue Funds – The County’s accounts for resources restricted to or designated for specific purposes by the County or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project years. The Commissioners Court can commit specific types of resources to specific purposes which are included as special revenue funds.

Debt Service Fund – is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs that has been approved by taxpayers in the county.

Capital Projects Funds – accounts for the activity of funds received from the issuance of bonded debt for capital projects in the County. The Commissioners Court has also moved funds dedicated for capital improvements and other projects to be accounted as a capital projects fund.

The County reports the following proprietary Funds:

Health Insurance Fund – accounts for a self-insured health insurance fund. The County began this fund to transition to a self-insurance fund in the 2022-2023 fiscal year. As an internal service fund, other governmental funds will transfer payments based on set health insurance processes and the fund will pay out claims and administration costs. Because the principal users of the internal service are the County’s governmental activities, this fund type is included in the “Governmental Activities” column of the government-wide financial statements.

The County reports the following fiduciary funds:

Custodial Funds – are custodial in nature and represent balances held for others. These custodial funds are under the control of the various public officials of the County with all benefits forwarded to the public and others in the County.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies – (Continued)

Measurement Focus and Basis of Accounting

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Revenue is recorded when it becomes both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenue considered susceptible to accrual includes property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
2. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general 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.
3. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the County's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The fiduciary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. The fiduciary funds are not included in the government-wide financial statements.

Cash and Investments

The County pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. government and agency securities are carried at fair value based on market prices.

For purposes of the basic financial statements, the County considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within ninety days of the date they are acquired. Cash and cash equivalents are included in the financial statement classification cash and investments.

Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded, and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements. General infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature, including roads, bridges, drainage systems and street lighting systems.

Capital assets, including general infrastructure assets, are defined as assets with an initial, individual cost of more than \$ 10,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market 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. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies – (Continued)

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building, structures, and improvements	27.5 to 40 years
Equipment, including vehicles	3 to 20 years
Infrastructure	15 to 40 years

Right of Use Assets and Liabilities

GASB Statement 87, *Leases* created new financial statement accounts “Right of Use” assets and similar offsetting liabilities. A “right of use” asset accounts for the net present value of future payments attached to a leased asset. Common examples of “Right of Use” assets are vehicles, copiers, printers, and other types of equipment that the County does not take ownership of but uses under the lease agreement. The assets value will be amortized over the life of the lease using a straight-line method. The liability offsetting the “Right of Use” is presented as lease payable.

Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas County and County Retirement System (the TCDRS) and additions to/deductions from TCDRS’ Fiduciary Net Position have been determined on the same basis as they are reported to TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 services already rendered.
2. Leave or compensation is not contingent on specific event (such as illness).

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

Upon termination from the County employment, an employee that has completed six months of employment shall be entitled to payment for total accrued but unused days of vacation. Comp time earned, but not taken, is paid at termination, but cannot accumulate beyond County specified limits. Once the maximum number of compensatory hours has been accumulated, employees are paid immediately for any additional compensatory hours earned. Sick leave accrues at a rate of 10 hours per month or 120 hours per year up to a maximum of 480 hours, 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 is the only accrued compensation liabilities recorded.

Fund Balances

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies – (Continued)

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the County's highest level of decision-making authority, the Commissioners Court. Committed resources cannot be used for any other purpose unless the Commissioners Court removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the County intends to use for specific purposes as expressed by the Commissioners Court or an official delegated the authority. The Commissioner's Court has delegated the authority to assign fund balances to the County Judge and County Auditor acting jointly.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The policy includes minimum fund balance targets for the General Fund and Debt Service Fund. The General Fund unassigned fund balance is targeted to be 13% to 15% of budgeted expenditures for the year which will serve to provide for unexpected events and unanticipated needs. The debt service fund restricted fund balance is targeted as 10% - 20% of the following years debt service requirements.

The following schedule provides information about the specific fund balance classification by fund:

	General	American Rescue Plan	Other Governmental	Totals
Nonspendable				
Prepaid Items	\$ 204,109	\$ -	\$ 1,237	\$ 205,346
Restricted				
Retirement of Long Term Debt	-	-	424,688	424,688
Capital Projects	-	-	4,683,943	4,683,943
Public Health	-	47,463	-	47,463
Records Management	-	-	2,336,651	2,336,651
Law Enforcement Training	-	-	50,431	50,431
Court Security	-	-	262,174	262,174
Court Technology	-	-	54,806	54,806
Jail Commissary	-	-	936,562	936,562
Law Enforcement Activities	-	-	273,638	273,638
Attorney Activities	-	-	18,768	18,768
Historical Commission	-	-	16,368	16,368
Tax Assessor Activities	-	-	15,871	15,871
Committed				
Capital Improvements	-	-	6,820,060	6,820,060
Law Library	-	-	34,880	34,880
Public Roads	-	-	2,318,867	2,318,867
Public Health	-	-	100	100
Justice Courts	-	-	99,867	99,867
Elections Administration	-	-	93,355	93,355
DWI Enforcement	-	-	16,803	16,803
Pretrial Intervention	-	-	158,859	158,859
Juvenile Probation	-	-	367,423	367,423
Unassigned	31,042,091	-	-	31,042,091
Totals	\$ 31,246,200	\$ 47,463	\$ 18,985,351	\$ 50,279,014

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies – (Continued)

Budgetary Principles

The County is required by law to adopt an annual budget on or before the 1st day of its fiscal year. The County Judge and the County Auditor submit an annual budget to the Commissioner's Court in accordance with the laws of the State of Texas. The General and Debt Service governmental fund types have legally adopted budgets. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various County departments. Throughout the fiscal year the budget was amended to add supplemental appropriations. All amendments to the budget which change the total appropriation amount for any department require County Commissioner's Court approval.

Each fund's approved budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level. Within this control level, management may transfer appropriations between line items. Budget revisions and the line-item transfers are subject to final review by the Commissioners Court. Revisions to the budget were made throughout the year. Unexpected appropriations for annually budgeted funds lapse at fiscal year-end.

GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and other major special revenue funds with legally adopted budgets be presented in the basic financial statements. The statements are identified as required supplementary information. These statements must display original budget, amended budget and actual results (on a budgetary basis).

Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter (60 days) to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the County to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting these criteria may not be canceled if litigation concerning these taxes is pending.

The County levied taxes on property within the County at \$ 0.414365 to fund general operations including road and bridge activities and \$ 0.014014 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 8,548,027,118.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

New Accounting Pronouncements

The Governmental Accounting Standard Board (GASB) has issued various new accounting standards to better meet the information needed for users of financial statements by improving accounting and financial reporting. The GASB does this by issuing statements that cover various issues identified as needing additional clarification or directing to maintain standardization and comparability of financial information. During the year, the GASB issued the following statements with varying effective dates noted:

Statement 96: *Subscription Based Information Technology Arrangements* (Effective FY beginning after August 15, 2022)

Statement 97: *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (Effective FY beginning after August 15, 2021)

Statement 98: *The Annual Comprehensive Financial Report* (Effective FY ending after December 15, 2021)

Statement 99: *Omnibus 2022* (Effective upon issuance with some effective FY beginning after August 15, 2022)

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies – (Continued)

Statement 100: *Accounting Changes and Error Correction* (Effective FY beginning after August 15, 2023)

Statement 101: *Compensated Absences* (Effective FY beginning after December 15, 2023)

B. Cash and Investments

The County's funds are deposited and invested under the terms of a depository agreement. The agreement requires the depository to pledge approved securities in an amount significant to protect the County's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At year end, all County cash deposits were covered by FDIC insurance or by pledged collateral held by the County or by the depository in the County's name. The County's deposits appear to have been properly secured throughout the fiscal year.

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (Act), to adopt, implement 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, 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.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County appears to have adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchasing agreements, bankers' acceptance, mutual funds, investment pools, guaranteed investment contracts and common trust funds.

The County's investments at year end are shown below:

<u>Investment or Investment Type</u>	<u>Interest Rate</u>	<u>Credit Rating</u>	<u>Fair Value</u>
TexSTAR	2.2941%	AAAm	\$ 2,895,702
TexPool	2.4216%	AAAm	4,877,287
LOGIC	2.4756%	AAAm	33,342,012
TexasCLASS	2.6788%	AAAm	15,733,384
Certificates of Deposit	0.45%	n/a	<u>1,155,520</u>
Total Investments			<u>\$ 58,003,905</u>

The County has investments with the following public funds investment pools as of year end:

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts (Comptroller) is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, (Trust Company), which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. (Federated), under an agreement with the Comptroller, acting on behalf of the Trust Company.

The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

The fund is rated AAAm by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's. This rating as well as the operational policies and procedures allow the fund to comply with the requirements of the Public Funds Investment Act.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

B. Cash and Investments – (Continued)

Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities (Participants) to invest their public funds and funds under their control through the investment pools.

J. P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Asset Management, Inc. (FSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (Board). JPMIM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

The Board may establish separate Funds within TexSTAR from time to time. Participants choose the Funds in which their deposits are invested. Participants' assets in the Funds are represented by units of beneficial interest (units). The Board may issue an unlimited number of units in each Fund.

TexSTAR is rated AAAM by Standard & Poor's rating agency. This rating and the fund's operational settings allow the fund to comply with the requirement of the Public Funds Investment Act.

Local Government Investment Cooperative (LOGIC) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible local governments, state agencies, and nonprofit corporations of the State of Texas to jointly invest their funds in permitted investments.

The Cooperative's governing body is a six-member Board of Directors (Board) comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of LOGIC.

Day to day administration of LOGIC will be performed by First Southwest, a division of Hilltop Securities Inc. and JPMorgan Chase Investment Management, Inc. First Southwest will provide administrative, participant support and marketing services. JPMorgan Chase will provide investment management, custody, fund accounting and transfer agency services.

Portfolios will maintain an AAA or equivalent rating from at least one nationally recognized rating agency in compliance with the requirements of the Public Funds Investment Act. Class A Units of LOGIC I are currently rated AAAM by Standard & Poor's.

The Texas Cooperative Liquid Assets Securities System Trust (TexasCLASS), was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The TexasCLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the "Participants"), MBIA Municipal Investors Service Corporation as Program Administrator (the "Program Administrator"), and Wells Fargo Bank Texas, NA as Custodian (the "Custodian").

TexasCLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for TexasCLASS, including the Program Administrator and the Custodian.

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the Investment Policy and Investment Strategy of the trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standards & Poor's.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

B. Cash and Investments – (Continued)

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name. At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

C. Capital Assets

Capital asset activities during the fiscal year were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Assets:				
Land	\$ 897,896	\$ -	\$ -	\$ 897,896
Total Capital Assets not being Depreciated	\$ 897,896	\$ -	\$ -	\$ 897,896
Depreciable Assets:				
Buildings and Improvements	\$ 25,376,911	\$ -	\$ -	\$ 25,376,911
Roads and Infrastructure	48,741,219	3,454,568	600,556	51,595,231
Furniture, Machinery and Equipment	15,598,148	1,580,027	159,438	17,018,737
Total Capital Assets being Depreciated	\$ 89,716,278	\$ 5,034,595	\$ 759,994	\$ 93,990,879
Less Accumulated Depreciation				
Buildings and Improvements	\$ 14,424,383	\$ 656,267	\$ -	\$ 15,080,650
Roads and Infrastructure	33,752,546	790,135	503,332	34,039,349
Furniture, Machinery and Equipment	11,800,675	720,565	142,821	12,378,419
Total Accumulated Depreciation	\$ 59,977,604	\$ 2,166,967	\$ 646,153	\$ 61,498,418
Total Capital Assets being Depreciated, Net	\$ 29,738,674	\$ 2,867,628	\$ 113,841	\$ 32,492,461
Total Governmental Activities Capital Assets	\$ 30,636,570	\$ 2,867,628	\$ 113,841	\$ 33,390,357

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

C. Capital Assets (Continued)

Right of Use Lease Assets

Right of use lease asset activities during the fiscal year were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Lease Assets:				
Vehicles	\$ 706,115	\$ 219,555	\$ -	\$ 925,670
Total Lease Assets Amortization	\$ 706,115	\$ 219,555	\$ -	\$ 925,670
Less Accumulated Amortization				
Vehicles	\$ 189,178	\$ 194,755	\$ -	\$ 383,933
Total Lease Assets being Amortized	\$ 189,178	\$ 194,755	\$ -	\$ 383,933
Total Lease Assets Amortized, Net	\$ 516,937	\$ 24,800	\$ -	\$ 541,737
Total Governmental Activities Lease Assets, Net	\$ 516,937	\$ 24,800	\$ -	\$ 541,737

Depreciation and amortization was charged to governmental activities functions as follows:

	Depreciation	Amortization
Governmental Activities:		
General Government	\$ 197,111	\$ 23,460
Judicial	481,599	36,727
Public Safety	147,941	75,680
Corrections and Rehabilitation	20,821	3,692
Health and Human Services	-	-
Infrastructure	1,319,495	55,196
Total	\$ 2,166,967	\$ 194,755

D. Long-Term Obligations

Changes in Long Term Obligations

The following is a summary of changes in long-term obligations reported in the government-wide financial statements for the fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	\$ 11,220,000	\$ -	\$ 155,000	\$ 11,065,000	\$ 875,000
Direct Borrowing	1,256,409	-	1,086,437	169,972	169,971
Right of Use Leases	530,549	219,555	186,260	563,844	228,285
Unmortized Premium	562,144	-	30,984	531,160	-
Comptroller of Public Accounts	962,286	-	58,170	904,116	-
Compensated Absences	605,957	580,261	513,079	673,139	-
Total	\$ 15,137,345	\$ 799,816	\$ 2,029,930	\$ 13,907,231	\$ 1,273,256

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

D. Long-Term Obligations - (Continued)

Bonds

At year end, the County has the following obligation bonds originally issued for acquisition and construction of capital improvements in the County outstanding. General obligation debt has been issued for general government activities.

Bonds are direct obligations and pledge the full faith and credit of the County. Bonds outstanding at year end are as follows:

	Interest Rate	Date of Maturity	Original Issue	Balance Outstanding
Permanent Improvement Bonds, Series 2017	2.49%	2037	\$ 5,795,000	\$ 5,460,000
Permanent Improvement Bonds, Series 2021	1.47%	2041	5,745,000	5,605,000
Totals				<u>\$ 11,065,000</u>

Maturity requirements on the outstanding bonded debt listed above are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2023	\$ 875,000	\$ 302,741	\$ 1,177,741
2024	525,000	275,754	800,754
2025	540,000	254,636	794,636
2026	550,000	232,242	782,242
2027	570,000	211,278	781,278
2028-2032	3,105,000	764,594	3,869,594
2033-2037	3,610,000	328,873	3,938,873
2038-2042	1,290,000	44,731	1,334,731
Totals	<u>\$ 11,065,000</u>	<u>\$ 2,414,849</u>	<u>\$ 13,479,849</u>

Authorized but Unissued Bonds

The voters in the County authorized the following bonded debt. Amounts unissued at year end are as follows:

Purpose	Election Date	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Road Projects	11/8/2016	\$ 24,420,000	\$ 12,000,000	-	\$ 12,420,000

Compliance with Debt Covenants

There are various limitations and restrictions contained in the County's bonded debt obligations. The County believes they are in compliance with all significant limitations and restrictions.

Direct Borrowings

The County issued various agreements identified here as direct borrowings. These direct borrowings include financing arrangements including maintenance tax notes and leases that transfer ownership. The borrowings mature annually along with interest paid semi-annually. The interest rate is identified below, and the debt will fully mature in the fiscal year.

The following schedule lists the outstanding direct borrowings at year end:

Description	Interest Rate	Original Amount	Outstanding Balance
BCI Capital - Road Equipment	4%	\$ 226,650	\$ 12,610
BCI Capital - Road Equipment	2.71%	230,023	13,340
Caterpillar Financial - Excavator	2.99%	238,181	144,022
		Total	<u>\$ 169,972</u>

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

D. Long-Term Obligations - (Continued)

Maturity requirements on outstanding direct borrowings are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2023	\$ 169,972	\$ 2,311	\$ 172,283
Totals	\$ 169,972	\$ 2,311	\$ 172,283

Comptroller Overpayment

In prior years, the County received notification from the State of Texas of chargebacks on sales tax collections remitted to the County. The notice identifies chargebacks from March 2002 through September 2011. The total chargebacks, \$ 924,847 will be reduced by \$ 18,487 for service fees retained by the County leaving a net balance to be refunded to the State of \$ 906,360. The State agreed to a 40-year payback period beginning April 2015 in the amount of \$ 1,888.23 monthly with no interest or penalty charged the County.

The County received notification from the State of additional sales tax chargebacks totaling \$ 213,111 during the 2015 year. The State has allowed a 6-year repayment term beginning in the 2021 fiscal year. No interest is to be incurred on this repayment schedule. The repayment terms require 72 monthly payments of \$ 2,960 with the final payment to be made September 2022. An additional overclaim of \$190,356 was identified in 2021. The payments required for the 2021 repayment will continue until this additional balance is liquidated.

Right of Use Leases

The County executed various agreements identified here as leases. Leases are obligations that represent the net present value of the obligations to be paid over a specified term and do not transfer ownership.

The County executed agreements for the use of vehicles and other equipment at various locations throughout the County. The various agreements require monthly payments over the term of the agreement. The lease obligations incur an implicit rate of interest as noted below. The detailed schedule of the life and outstanding lease obligations is below:

Description	Interest Rate	Date of Agreement	Maturity Date	Original Amount	Outstanding Amount
ENTERPRISE -23JC4F Vehicle	9.40%	12/11/2020	12/11/2024	\$ 34,815	\$ 20,304
ENTERPRISE -23JBVV Vehicle	9.40%	10/20/2020	10/20/2024	31,181	16,913
ENTERPRISE -23DQBG Vehicle	9.40%	9/20/2020	9/20/2024	34,106	17,796
ENTERPRISE -23DQBR Vehicle	9.40%	9/21/2022	9/21/2024	32,226	16,815
ENTERPRISE -23DRQV Vehicle	9.40%	3/13/2020	3/13/2024	21,797	8,601
ENTERPRISE -23HNT2 Vehicle	9.40%	12/4/2020	12/4/2024	24,761	14,441
ENTERPRISE -23H646 Vehicle	9.40%	4/28/2020	4/28/2024	22,760	9,472
ENTERPRISE -23DQC5 Vehicle	9.40%	4/15/2020	4/15/2024	24,659	10,263
ENTERPRISE -23DQBZ Vehicle	9.40%	4/15/2020	4/15/2024	25,132	10,460
ENTERPRISE -23HS2D Vehicle	9.40%	8/1/2020	8/28/2024	16,705	8,369
ENTERPRISE -23H4TD Vehicle	9.40%	8/17/2020	8/17/2024	25,785	12,918
ENTERPRISE -23DRRF Vehicle	12.00%	3/13/2020	3/13/2024	20,800	8,440
ENTERPRISE -23DRRX Vehicle	12.00%	3/13/2020	3/13/2024	20,800	8,440
ENTERPRISE -23DRS2 Vehicle	12.00%	3/13/2020	3/13/2024	20,800	8,440
ENTERPRISE -23H4TD Vehicle	12.00%	5/4/2020	5/4/2024	19,581	8,795
ENTERPRISE -23H4TH Vehicle	9.25%	7/31/2020	7/31/2024	21,176	10,151
ENTERPRISE -23H649 Vehicle	12.00%	4/28/2020	4/28/2024	21,719	9,286
ENTERPRISE -23HNTN Vehicle	10.75%	12/4/2020	12/4/2024	24,164	14,233
ENTERPRISE -23JBXR Vehicle	8.00%	10/2/2020	10/2/2024	31,532	16,908
ENTERPRISE -23JBZ5 Vehicle	8.75%	9/23/2020	9/23/2024	31,545	16,368
ENTERPRISE -23JC48 Vehicle	8.75%	10/29/2020	10/29/2024	31,553	17,024
ENTERPRISE -23JC4B Vehicle	8.75%	10/29/2020	10/29/2024	31,553	17,024
ENTERPRISE -23JCLW Vehicle	8.75%	12/9/2020	12/9/2024	35,230	20,448
ENTERPRISE -23KQ76 Vehicle	11.00%	6/25/2020	6/25/2024	25,239	11,763
ENTERPRISE -23KZ9H Vehicle	11.50%	6/4/2020	6/4/2024	15,152	7,096
ENTERPRISE -23RJD Vehicle	12.25%	1/26/2022	1/26/2026	29,727	24,944
ENTERPRISE -23RHF4 Vehicle	10.75%	6/4/2021	6/4/2025	20,459	14,457
ENTERPRISE -223RJCW Vehicle	12.80%	4/8/2022	4/8/2026	30,387	27,090
ENTERPRISE -23WLQ4 Vehicle	13.00%	4/30/2021	4/30/2025	21,378	13,137
ENTERPRISE -23WQP9 Vehicle	13.00%	4/30/2021	4/30/2025	21,378	14,465
ENTERPRISE -25GLG5 Vehicle	13.25%	8/8/2022	8/8/2026	23,977	22,956
ENTERPRISE -25Q64X Vehicle	11.15%	3/18/2022	3/18/2026	29,538	25,763
ENTERPRISE -23Q657 Vehicle	13.75%	3/18/2022	3/18/2026	28,119	24,630
ENTERPRISE -263WX2 Vehicle	12.15%	9/19/2022	9/19/2027	39,817	38,938
ENTERPRISE -263WWW Vehicle	10.50%	8/2/2022	8/2/2027	37,990	36,696
Total				\$ 563,844	

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

D. Long-Term Obligations - (Continued)

Maturity Requirements on right of use lease liabilities at year end are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2023	\$ 228,285	\$ 49,859	\$ 278,144
2024	210,125	25,785	235,910
2025	71,029	10,641	81,670
2026	37,573	3,822	41,395
2027	16,832	40	17,772
Totals	\$ 563,844	\$ 90,147	\$ 654,891

Compensated Absences

Compensated absences are paid from the fund responsible for the employee’s compensation with significant liabilities payable from the General Fund.

E. Commitments and Contingencies

Litigation – The County’s outside counsel has indicated that there are various lawsuits filed and pending against the County, the majority of which should not result in an unfavorable outcome or have a material effect on the County’s financial position. As such no contingent liability has been estimated.

Grants – The County participates in 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 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 financial statements for such contingencies.

Other – There appears to be a potential for structural problems for the County’s criminal justice center. As of the report date, the cost of any necessary repairs, if any, has not been determined. No liability is reflected in the County’s balance sheet for this contingency as of September 30, 2022. The County received funds from plaintiffs in settlement of various actions and claims. These funds have been set aside by the Commissioners Court to provide for future repairs to the center.

COVID-19 - The global outbreak of coronavirus disease 2019 (“COVID-19”) presents various global risks. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management of the County is actively monitoring the global situation on its financial condition, liquidity, operations, supplies, vendors, and industry. Given the evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects, if any, of the COVID-19 outbreak on its results of operations and financial condition.

F. Pension Plan

Plan Description – The County provides pension, disability, and death benefits for all of its full-time employees through a statewide, multiple-employer, public-employee retirement system through the Texas County and County Retirement System (the TCDRS). The system serves 677 actively participating counties and counties throughout Texas. Each employer has its own defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer’s plan assets may be used only for the payment of benefits to the members of that employer’s plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan. The TCDRS issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

F. Pension Plan (Continued)

The plan provisions are adopted by the governing body of the County, 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 or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan to receive any employer-financed benefit if retiring before reaching the required retirement date.

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

Employees of the County were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the County were 10.75% and 12.26% in calendar years 2021 and 2022 respectively. The County's contributions to TCDRS for the year ended September 30, 2022, were \$ 2,512,658 and were equal to the required contributions.

Discount Rate – The discount rate used to measure the total pension liability was 7.6%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investment is 7.6%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2022.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus Inflation) (2)
US Equities	Dow Jones US 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 (4)	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	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-day U.S. Treasury	2.00%	-1.05%

(1) Target asset allocation adopted at the March 2021 TCDRS board meeting.
(2) Geometric real rates of return equal the expected return for the asset class 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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

F. Pension Plan (Continued)

Changes in the Net Pension Liability – At December 31, 2021, the County reported a net pension liability/(asset) of \$ (6,068,915) The changes in net pension liability (asset) were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/19	\$ 89,778,533	\$ 83,264,255	\$ 6,514,278
Changes for the year:			
Service cost	2,484,921	-	2,484,921
Interest	6,847,702	-	6,847,702
Change in benefit terms	-	-	-
Diff between expected/actual experience	(221,211)	-	(221,211)
Changes of assumptions	(125,690)	-	(125,690)
Contributions - employer	-	2,088,390	(2,088,390)
Contributions - employee	-	1,359,883	(1,359,883)
Net investment income	-	18,179,115	(18,179,115)
Benefit payments, including refunds of employee contributions	(4,404,889)	(4,404,889)	-
Administrative expenses	-	(54,333)	54,333
Other charges	-	(4,140)	-
Net changes	\$ 4,580,833	17,164,026	(12,583,193)
Balance at 12/31/20	\$ 94,359,366	\$ 100,428,281	\$ (6,068,915)

The net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and for the year then ended.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period except the change of the discount rate. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Discount Rate Sensitivity Analysis – The following presents the net pension liability of the County, calculating the discount rate of 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	Discount Rate (6.6%)	Discount Rate (7.6%)	Increase in Discount Rate (8.6%)
County's Net Pension Liability	\$ 7,433,421	\$ (6,068,915)	\$ (17,222,756)

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

For the year ended September 30, 2022, the County recognized pension expense of \$ 338,220

On September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 188,723	\$ 147,474
Changes in actuarial assumptions	1,790,101	83,793
Difference between projected and actual investment earnings	-	11,406,674
Contributions subsequent to the measurement date	1,924,101	-
Total	<u>\$ 3,902,925</u>	<u>\$ 11,637,941</u>

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

F. Pension Plan (Continued)

\$ 1,924,101 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending September 30	Amount
2023	\$ (619,313)
2024	(3,941,035)
2025	(2,720,990)
2026	(2,377,779)
2027	-
Thereafter	-
Total	\$ (9,659,117)

Actuarial Methods and Assumptions

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2020 funding valuation, except as noted below and throughout this report. Please see Hunt County December 31, 2021 Summary Valuation Report for further details.

The following are key assumptions and methods used in this GASB analysis:

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and Assumptions used to Determine Contributions Rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00% net of administrative and investment expense, 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Other Information	There were no benefit changes during the year.

G. Risk Management

The County is exposed to various risks of loss related to auto liability, unemployment, and workers' compensation. The County has obtained liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Association of Counties Self Insurance Funds (TAC). TAC is a self-funded plan operating as a common risk management and insurance program. The County pays an annual premium to TAC for its above insurance coverage. The agreement for the formation of TAC provides that TAC will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than acceptable risk levels; however, each category of coverage has its own level of reinsurance. The County continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

H. Receivables

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities
Receivables	
Property Taxes	\$ 3,509,471
Sales Taxes	1,183,646
Grants and Other	178,775
Fines, Fees and Court Costs	4,126,600
Total Gross Receivables	\$ 8,998,492
Less: Allowance for Uncollectibles	
Taxes	421,137
Fines, Fees and Court Costs	3,920,270
Net Total Receivables	\$ 4,657,085

I. Post-Employment Benefits Other than Pension Benefits

From an accrual accounting perspective, the cost of post-employment benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 75, the County recognizes the cost of postemployment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the County's future cash flows.

Plan Description

The County provides post-employment benefits for certain employees for current and future health, dental and life insurance benefit expenses through a single employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made December 31, 2021. The post-employment plan does not issue stand-alone financial reports.

Plan Participants

Full-time employees of the County who retire after October 1, 2004 are eligible to participate in the retiree health care plan effective the first day of the next month and will receive a county paid insurance subsidy. Full-time employees of the County who retired prior to October 1, 2004 were not eligible to receive a county paid insurance.

Normal Retiree Benefits

Health Care Benefit Eligibility Conditions

Active full-time Employees must be eligible for retirement under the Texas County and County Retirement System (TCDRS). Such covered employee must meet the County's "rule of 75" requirement of combined years of service and years of age in addition to current guidelines for being vested and qualified to retire from the County. The guidelines to qualify for retirement in force at the time of the covered employee's retirement shall apply.

- Age 60 with 8 years of service.
- Any age with 30 years of service.
- Rule of 75 (age plus years of service equals 75).

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

I. Post-Employment Benefits Other Than Pension Benefits - (Continued)

Once a retiree reaches Medicare eligibility, they are no longer eligible to purchase the County's health insurance.

Health Care Benefit Provided by Plan

- Member:** Under age 65, 100% covered by the County for retirees who retired after October 1, 2004
- Spouse:** Under age 65, 100% paid by retiree
- Dependent:** Until age 23 if full-time student, 100% paid by retiree

Early Retirement Benefits

Early retirement benefits are available only if conditions for retirement have been met according to the TCDRS plan – vested and age 60, service time plus age equals 75, or completed 30 years' service time at any age. Eight years of service credit in the TCDRS system are required to vest for retirement and qualify for the County's contribution.

Deferred Retirement Benefits

NONE

Death in Service Retirement Benefits

Spouse and Dependent coverage is available prior to age 65. Retiree, Spouse or Dependent pays 100% of retiree premium.

Disability Retirement Benefits

Same as Normal Retirement

Dental Coverage

Members and spouses retiring with retiree health care benefits are eligible for dental benefits.

Life Insurance

Coverage offered of \$ 2,500 of life insurance. Retirees pay \$ 0.92 per month.

Funding Policy and Annual OPEB Cost

The County's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC); an amount actuarially determined in accordance with the parameter of GASB Statement No. 75. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB liability for the fiscal year ended September 30, 2022, is as follows:

Total OPEB Liability			
Service Cost	\$	987,562	
Interest on the total OPEB liability		256,401	
Changes of benefit terms		-	
Difference between expected and actual experience of the total OPEB liability		46,050	
Change of assumptions		(196,486)	
Benefit Payments		(658,217)	
Net change in total OPEB liability	\$	435,310	
Total OPEB liability - Beginning		12,655,364	
Total OPEB liability - Ending	\$	<u>13,090,674</u>	
Covered-employee payroll	\$	18,901,504	
Total OPEB liability as a percentage of covered-employee payroll		69.26%	

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

I. Post-Employment Benefits Other Than Pension Benefits - (Continued)

The ending Total OPEB Liability was calculated as of December 31, 2021.

Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

The benefit payments during the measurement period were determined as follows:

a. Explicit benefit payments	\$ 465,500	(date provided by the County)
b. Implicit benefit payments	<u>192,717</u>	(explicit benefit payments *0.414)
c. Total benefit payments	<u>\$ 658,217</u>	

The 0.414 factor equals the ratio of the expected implicit subsidy to the expected explicit costs.

Statement of OPEB Expense under GASB Statement No. 75

Service Cost	\$	987,562
Interest on the Total OPEB Liability		256,401
Current-Period Benefit Changes		-
OPEB Plan Administrative Expense		-
Recognition of Current Year Outflow (Inflow) due to liabilities		(18,991)
Amortization of Prior Year Outflow (Inflow) due to liabilities		<u>(80,958)</u>
Total OPEB Expense		<u><u>1,144,014</u></u>

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree benefit plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computer to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation Date:	December 31, 2020
Methods and Assumptions	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	1.84% as of December 31, 2021
Inflation Rate	2.50%
Salary Increase	0.4% 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 Table 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 on 100% f the MP-2021 Ultimate scale.
Healthcare Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years.
Participant Rates	It was assumed that 100% of retirees who are eligible for County paid coverage would choose to maintain their coverage after retirement.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

I. Post-Employment Benefits Other Than Pension Benefits - (Continued)

The discount rate changed from 2.00% as of December 31, 2020, to 1.84% as of December 31, 2021.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 discount rate of 1.84% , 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	Current Discount Rate Assumption 1.84%	1% Increase
County's Net OPEB Liability	\$ 14,290,260	\$ 13,090,674	\$ 11,988,427

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 Trend Rate Assumption	1% Increase
County's Net OPEB Liability	\$ 11,436,262	\$ 13,090,674	\$ 15,082,295

At September 30, 2022, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB's from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 125,479	\$ 1,386,700
Changes in actuarial assumptions	998,529	215,913
Contributions subsequent to the measurement date	428,938	-
Total	\$ 1,552,946	\$ 1,602,613

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB Liability (December 31, 2021) and prior to the end of the employer's financial reporting period (September 30, 2022) should be reported by the employer as a deferred outflow related to OPEB.

The deferred outflow related to benefit payments made subsequent to the measurement date was \$ 428,938. The implicit subsidy was estimated by multiplying the explicit costs by 0.414 factor equals the ratio of the expected implicit subsidy to the expected costs.

Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized as OPEB expense as follows:

Year Ending September 30	Amount
2023	\$ (99,949)
2024	(99,949)
2025	(99,949)
2026	(99,949)
2027	(34,884)
Thereafter	(43,925)
Total	\$ (478,605)

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rates.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

J. Subsequent Events

The County's management has evaluated subsequent events through July 14, 2023 , the date which the financial statements were available for issue.

K. Interfund Activities

Transfers Between Funds

Transfers occurred between various funds during the year as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Juvenile Probation Fund	\$ 450,000	Annual Support
General Fund	Law Library Fund	50,000	Support
General Fund	Hunt County Health	4,803	Support
Jail Commissary Fund	General Fund	242,190	Support
Sheriff Fed Forfeiture Fund	General Fund	40,589	Support
Totals		\$ 787,582	

Interfund Balances

At year end, various funds have interfund receivables and payables as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Custodial Funds	\$ 20,623
Special Revenue Fund	American Revenue Plan	325,278
Special Revenue Fund	General Fund	3,183,254
Special Revenue Fund	Self Insurance	193,000
Total		\$ 3,722,155

L. Economic Development Agreements

Tax Incremental Financing Agreements

The County participates in a Tax Incremental Financing ("TIF") County with the City of Greenville through an interlocal agreement. TIF is an economic development tool used by local governments to finance public improvements with a defined geographic area. The taxable assessed value of the real property located in the TIF is generally frozen for the duration of the agreement. As development occurs, the increased taxable appraised values are set aside for the TIF. The incremental taxes collected are allocated to provide for retirement of the improvement financing cost. The TIF is administered by the City of Greenville as set out in the interlocal agreement. Texas Property Tax Code, Chapter 311 represents legislation governing Tax Increment Financing. The TIF contributions from the County are recorded as reductions of property tax revenue.

The following table provides information on the County's participation:

Name	Participation Rate	Participation Taxes Forgone For Current Year
City of Greenville Reinvestment Zone #1	50%	\$ 171,039

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

L. Economic Development Agreements (Continued)

Tax Abatements

Chapter 312 of the Texas Property Tax Code, Property Redevelopment and Tax Abatement Act, grants the commissioners court the authority to execute tax abatement agreements for a county. The County enters into economic development agreements with businesses that are located or expanded within the county with the expectation of stimulating the economy and tax base.

Various agreements have been executed with entities located or developing businesses in the County. The County reviews and determine the best abatement on a case by case analysis. The agreements provide for a reduction of incremental assessed values over a period not to exceed ten (10) years. Some agreements provide for repayment of forgone taxes if the business fails to meet the criteria in the agreement.

No commitments have been made as part of the agreements other than reduced property tax collections tied to assessed value limitations. The County is not subject to tax abatement agreements entered into by other governmental entities.

The Commissioner’s Court has executed the following agreements:

Entity	Expiration Date	Type of Property	Percentage Abated	Current Taxes Forgone
Caddo Mills Solar, LLC	12/31/2025	Real	50%	\$ -
	12/31/2025	BPP	50%	-
Cytec Engineered Materials Inc	12/31/2024	Real	50%	2,884
	12/31/2022	BPP	50%	107,823
Cytec Engineered Materials Inc.	12/31/2026	Real	50%	2,691
	12/31/2026	BPP	50%	12,931
Hallmark Solar, LLC	12/31/2029	BPP	50%	-
HP Hood, LLC	12/31/2034	Real	50%	-
	12/31/2034	BPP	50%	-
Leon Solar, LLC	12/31/2027	BPP	50%	23,224
Lone Oak Solar, LLC	12/31/2025	Real	50%	-
	12/31/2025	BPP	50%	-
Sabert Corporation	12/31/2028	BPP	50%	-
Sterling Solar, LLC	12/31/2028	BPP	50%	23,187
STN Reality Holdings, LLC	12/31/2028	Real	50%	18,012
Westrock - Greenville Folding, Inc.	12/31/2022	BPP	50%	25,764
Wieland Solar, LLC	12/31/2025	Real	50%	-
	12/31/2025	BPP	50%	-
Total				<u>\$ 216,516</u>

M. Change in Accounting Principle

The Governmental Accounting Standards Board (GASB) issued Statement 87, *Leases* in June 2017 with an effective date of fiscal year beginning after June 15, 2021 (as postponed). This required the County to implement the provisions of the Statement during the year. The Statement replaced operating leases with recognition of “right of use” assets and liabilities. As such there are new financial statement captions on the government wide financial statements. For the fund financial statements, the net present value of the lease payments is recognized as an expenditure in the initial year of the agreement with subsequent payments represented as debt retirement payments. The Statement requires retroactive restatement of assets and liabilities with the difference modifying the beginning net position.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

N. Prior Period Adjustments

During the year, the County implementation of GASB 87, *Leases*, required the reclassification and establishment of new asset and liability accounts. The change requires an adjustment to the beginning net position. The implementation effects only the government-wide financial statements. Beginning net position has decreased by \$ 13,613.

REQUIRED SUPPLEMENTARY INFORMATION

HUNT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
REVENUES				
Taxes - Property	\$ 27,836,413	\$ 27,836,414	\$ 27,522,658	\$ (313,756)
Taxes - Sales Tax and Other	6,935,000	6,935,000	8,396,412	1,461,412
Fees and Fines	2,148,061	2,170,311	2,825,205	654,894
Motor Vehicle Fees	313,000	313,000	425,799	112,799
Intergovernmental Support	420,410	420,410	408,782	(11,628)
Investment Earnings	25,000	25,000	220,065	195,065
Miscellaneous	859,150	985,068	987,305	2,237
Total Revenues	\$ 38,537,034	\$ 38,685,203	\$ 40,786,226	\$ 2,101,023
EXPENDITURES				
Current:				
General Government	\$ 12,240,141	\$ 12,128,536	\$ 8,376,926	\$ 3,751,610
Judicial	11,338,948	11,377,512	9,974,938	1,402,574
Public Safety	9,848,106	10,091,548	8,860,148	1,231,400
Corrections and Rehabilitation	7,465,553	7,597,948	6,779,845	818,103
Health and Human Services	966,571	971,571	878,330	93,241
Community Development	412,287	412,287	277,973	134,314
Infrastructure	281,345	587,145	523,274	63,871
Debt Service	380,091	380,091	379,630	461
Total Expenditures	\$ 42,933,042	\$ 43,546,638	\$ 36,051,064	\$ 7,495,574
Excess (Deficiency) of Revenues over Expenditures	\$ (4,396,008)	\$ (4,861,435)	\$ 4,735,162	\$ 9,596,597
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	\$ -	\$ 289,800	\$ 289,800	\$ -
Transfers In	297,000	467,000	282,779	(184,221)
Transfers Out	(100,000)	(100,000)	(504,803)	(404,803)
Sale of Capital Assets	25,000	29,470	4,470	(25,000)
Net Other Financing Sources (Uses)	\$ 222,000	\$ 686,270	\$ 72,246	\$ (614,024)
Net Change in Fund Equity	\$ (4,174,008)	\$ (4,175,165)	\$ 4,807,408	\$ 8,982,573
Fund Equity - October 1 (Beginning)	26,438,792	26,438,792	26,438,792	-
Fund Equity - September 30 (Ending)	\$ 22,264,784	\$ 22,263,627	\$ 31,246,200	\$ 8,982,573

HUNT COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2022

	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability								
Service cost	\$ 2,484,921	\$ 2,304,637	\$ 2,102,866	\$ 2,158,848	\$ 2,235,523	\$ 2,420,713	\$ 2,176,453	\$ 2,098,215
Interest (on the total pension liability)	6,847,702	6,453,237	6,041,388	5,676,173	5,339,592	4,938,827	4,635,362	4,346,201
Changes of benefit terms	-	-	-	-	-	-	(434,675)	-
Difference between expected and actual experience	(221,211)	216,595	466,096	129,703	(559,889)	(508,761)	(554,351)	(359,552)
Change of assumptions	(125,690)	5,370,301	-	-	336,478	-	653,694	-
Benefit payments, including refunds of employee contributions	(4,404,888)	(3,788,628)	(262,807)	(293,928)	(464,103)	(315,502)	(333,264)	(416,579)
Net Change in Total Pension Liability	4,580,834	10,556,142	8,347,543	7,670,796	\$ 6,887,601	\$ 6,535,277	\$ 6,143,219	\$ 5,668,285
Total Pension Liability - Beginning	89,778,533	79,222,390	74,280,862	69,457,430	65,204,673	61,164,157	57,364,752	53,924,848
Total Pension Liability - Ending (a)	94,359,367	89,778,532	82,628,405	77,128,226	\$ 72,092,274	\$ 67,699,434	\$ 63,507,971	\$ 59,593,133
Plan Fiduciary Net Position								
Contributions - Employer	\$ 2,088,390	\$ 2,002,061	\$ 1,717,516	\$ 1,756,979	\$ 1,633,665	\$ 1,591,206	\$ 1,660,857	\$ 1,600,226
Contributions - Employee	1,359,883	1,295,785	1,210,740	1,180,104	1,143,560	1,130,807	1,149,951	1,075,007
Net investment income	18,179,115	7,847,919	10,832,340	(1,259,301)	8,637,102	4,085,843	(334,002)	3,515,409
Benefit payments, including refunds of employee contributions	(4,404,888)	(3,788,628)	1,717,516	1,756,979	1,633,665	1,591,206	1,660,857	1,600,226
Administrative expense	(54,333)	(60,926)	(14,771)	694	(4,735)	(21,850)	29,749	(23,263)
Other	(4,140)	(8,875)	75,976,918	65,957,811	67,473,604	59,207,834	55,276,550	55,486,925
Net Change in Plan Fiduciary Net Position	17,164,027	7,287,336	91,440,259	69,393,266	\$ 80,516,861	\$ 67,585,046	\$ 59,443,962	\$ 63,254,530
Plan Fiduciary Net Position - Beginning	83,264,255	75,976,918	65,957,811	67,473,605	59,207,833	55,276,549	55,486,925	52,005,914
Plan Fiduciary Net Position - Ending (b)	100,428,282	83,264,254	157,398,070	136,866,871	\$ 139,724,694	\$ 122,861,595	\$ 114,930,887	\$ 115,260,444
Net Pension Liability - Ending (a) - (b)	(6,068,915)	6,514,278	(74,769,665)	(59,738,645)	\$ (67,632,420)	\$ (55,162,161)	\$ (51,422,916)	\$ (55,667,311)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.43%	92.74%	95.90%	88.80%	97.14%	90.80%	90.37%	96.73%
Covered Employee Payroll	\$ 21,169,073	\$ 19,050,652	\$ 16,974,737	\$ 16,747,752	\$ 16,336,568	\$ 16,154,392	\$ 16,427,865	\$ 15,357,244
Net Pension Liability as a Percentage of Covered Employee Payroll	-28.67%	34.19%	19.12%	49.70%	12.14%	37.12%	35.84%	12.23%

Note: Only eight years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 9 month delay for financial reporting in accordance with GASB 68.

HUNT COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2022

	Fiscal Year Ended September 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,512,658	\$ 2,053,552	\$ 1,930,002	\$ 1,756,979	\$ 1,619,194	\$ 1,509,903	\$ 1,507,954	\$ 1,604,822
Contributions in relation to actuarially determined contribution	(2,512,658)	(2,053,552)	(1,930,002)	(1,756,979)	(1,619,194)	(1,509,903)	(1,507,954)	(1,604,822)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 21,169,073	\$ 19,050,652	\$ 18,187,036	\$ 16,747,752	\$ 15,633,646	\$ 15,160,277	\$ 15,191,059	\$ 15,761,313
Contributions as a percentage of covered employee payroll	11.87%	10.78%	10.61%	10.49%	10.36%	9.96%	9.93%	10.18%

Note: Only eight years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

HUNT COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 987,562	\$ 962,418	\$ 838,264	\$ 910,840	\$ 779,335
Interest (on the total OPEB liability)	256,401	338,378	414,665	391,351	399,662
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	46,050	(949,404)	33,514	(1,292,980)	134,547
Change of assumptions	(196,486)	742,852	317,608	(84,476)	505,037
Benefit payments	(658,217)	(524,638)	(552,241)	(517,331)	(584,357)
Net Change in Total OPEB Liability	\$ 435,310	\$ 569,606	\$ 1,051,810	\$ (592,596)	\$ 1,234,224
Total OPEB Liability - Beginning	12,655,364	12,085,758	11,033,948	11,626,544	10,392,320
Total OPEB Liability - Ending	\$ 13,090,674	\$ 12,655,364	\$ 12,085,758	\$ 11,033,948	\$ 11,626,544
Covered Employee Payroll	\$ 18,901,504	\$ 17,889,047	\$ 16,468,597	\$ 12,353,122	\$ 11,075,027
Net OPEB Liability as a Percentage of Covered Employee Payroll	69.26%	70.74%	73.39%	89.32%	104.98%

FYE 22 - The demographic and salary increase assumptions were updated to reflect the 2021 TCDRS Experience Study.
 FYE 20 - The healthcare trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.
 FYE19 - The healthcare trend assumption was modified to better reflect anticipated experience.
 Changes of assumptions reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

<u>FYE</u>	<u>Discount Rate</u>
2022	1.84%
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%
2017	3.81%

**HUNT COUNTY, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2022**

A. TCDRS Retirement Plan

The following information is supplied to provide additional data for review of the County's pension information.

Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation
Investment Rate of Return	7.50% net of administrative and investment expense, 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

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

B. OPEB Benefit Pan

Plan Participants

Fulltime employees of Hunt County who retire after October 1, 2004 may be eligible to participate in the retiree health care plan, effective the first day of the next month, and will receive a County paid insurance subsidy.

Full Time employees of Hunt County who retire prior to October 1, 2004 were not eligible to receive a County-paid insurance subsidy.

Normal Retirement Benefits

Health Care Benefit Eligibility Conditions

Active full-time employees must be eligible for retirement under the Texas County and County Retirement System (TCDRS). The guideline to qualify for retirement in force at the time of the covered employee's retirement shall apply:

- Age 60 with 8 years of continuous service with Hunt County.
- Any age with 30 years of service, including 8 years of continuous service with Hunt County or
- Age plus years of TCDRS Service equals 75 (rule of 75), including 8 years of service with Hunt County

To be eligible for the County's retiree medical subsidy, a retiree must have at least eight years of continuous service with Hunt County immediately prior to retirement.

Once a retiree reaches Medicare eligibility, the retiree is no longer eligible for the County's health insurance.

Health Care Benefit Provided by the Plan

Member: Under age 65, 100% covered for by the County for retirees who retired after October 1, 2004

Spouse: Under age 65, 100% paid by the retiree

Dependent: Until age 26 if dependent, 100% paid by the retiree

FEDERAL AWARDS SECTION

HUNT COUNTY TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/ Pass Through Grantor Program Title	Federal CDFA Number	Pass Through Grantor Number	Federal Expenditures
U.S. TREASURY DEPARTMENT			
Direct Program:			
American Rescue Plan - SLFRF* (Covid-19)	21.027	116	<u>\$ 2,994,210</u>
Total Treasury Department			<u>2,994,210</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Department of State Health Services:			
Immunization Grants	93.268	HHS000108400001	244,671
Cities Readiness Initiative	93.069	180144	22,024
Local Public Health Services	93.991	HHS001025900001	<u>70,897</u>
Total Department of Health and Human Services			<u>337,592</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Program:			
Byrne Memorial Assistance Grant	16.738	3757401	209,371
Bulletproof Vest Partnership Program	16.607	BXBU14074519	4,769
Criminal Alien Assistance Program	16.606	FY 2018	<u>8,433</u>
Total Department of Justice			<u>222,573</u>
U.S. ELECTION COMMISSION			
Passed through the Texas Secretary of State:			
Help American Vote Act - Election Security	90.404	TX18101001-01-116	<u>85,250</u>
Total Election Commission			<u>85,250</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 3,639,625</u></u>

* Denotes Major Programs.

HUNT COUNTY TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal activity of Hunt County, Texas and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

B. Summary of Significant Accounting Policies

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds which are governmental fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

C. Indirect Cost

The County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.