



SHACKELFORD COUNTY, TEXAS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the year ended
SEPTEMBER 30, 2022

FOUNDED ON PRINCIPLE
FOCUSED ON SERVICE

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March 25, 2024

**The Honorable County Judge and Commissioners
Comprising the Commissioner's Court of
Shackelford County, Texas**

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinions

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

In our opinion, the 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 Shackelford County, Texas as of September 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Shackelford County, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in **NOTE 1** to the financial statements, in fiscal year 2022 the County adopted Governmental Accounting Standards Board (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; this includes 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express 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 judgment, 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 time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, Budget and Actual - General Fund on page 45, Budget and Actual - Road and Bridge Precinct #1 on page 46, Budget and Actual - Road and Bridge Precinct #2 on page 47, Budget and Actual - Road and Bridge Precinct #3 on page 48, Budget and Actual - Road and Bridge Precinct #4 on page 49, Notes to Budgetary Schedules on page 50, Schedule of Change in Net Pension Liability and Related Ratios on page 51, Schedule of Contributions on page 52, Notes to Texas County & District Retirement System Schedules on page 53, Schedule of Change in Total OPEB Liability and Related Ratios on page 54, and Notes to Texas County & District Retirement System Schedules on page 55 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 which 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 to form opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements (as listed on pages 56-58), 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 other supplementary information is fairly stated, in all material respects, concerning the basic financial statements as a whole.

A handwritten signature in black ink that reads "Condley and Company, L.L.P." in a cursive, flowing script.

Certified Public Accountants

SHACKELFORD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

This section of Shackelford County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the County's financial statements, which follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise 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 *statement of net position* presents information on all the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

The government-wide financial statements reflect functions of Shackelford County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Shackelford County include general administrative, judicial, public safety, public recreation, and public transportation. The government-wide financial statements can be found on pages 11 and 12 of this report.

The County's total combined net position was \$12,783,959 at September 30, 2022. Of this amount, \$4,322,671 is invested in capital assets, net of related debt, and \$552,033 is restricted for debt service. Unrestricted net position is \$7,909,255.

During the year, the County's expenses were \$473,582 less than the \$5,082,500 generated in taxes and other revenues for governmental activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

SHACKELFORD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

Governmental funds. Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that help the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

The governmental fund financial statements can be found on pages 13-18 of this report.

Fiduciary fund. The County is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operation.

The fiduciary fund financial statements can be found on page 19 of this report.

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 on pages 20-44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Shackelford County, assets exceeded liabilities by \$12,783,959 at the end of 2022.

A large portion of the County's total assets 46.91% consist of capital assets (for example, land, infrastructure, and buildings), but is 33.81% of net position net of the outstanding debt issued to finance their acquisition. The County uses these capital assets to provide services to citizens, and consequently, the assets are not available for future spending. Although, as mentioned, the County's investment in capital assets is reported net of related debt, it should be noted that the resources to re-pay this debt must be provided from other sources since the capital assets themselves cannot be used to do so. \$552,033 of the County's net position is restricted for repaying long term debt. The remaining balance of net position, \$7,909,255, is unrestricted and available to meet the government's ongoing obligations to citizens and creditors.

SHACKELFORD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

A summary of the County's net position as of September 30, 2022 compared to September 30, 2021 is as follows:

Shackelford County's Net Position

	Governmental Activities	
	2022	2021
Current assets		
Pooled cash and cash equivalents	\$ 6,503,499	\$ 6,136,508
Investments	1,087,074	1,082,788
Receivables (net of allowance for uncollectibles)	326,234	255,891
Prepaid expenses	40,742	90,653
Total current assets	7,957,549	7,565,840
Noncurrent assets	8,990,178	9,492,680
Net pension asset	707,475	-
Restricted assets	1,510,365	1,442,403
Total noncurrent assets	11,208,018	10,935,083
Deferred outflows of resources	499,216	620,070
Total assets and deferred outflows	\$ 19,664,783	\$ 19,120,993
Current liabilities	\$ 675,312	\$ 50,973
Noncurrent liabilities		
Due within one year	624,132	562,779
Due in more than one year	4,241,037	5,442,227
Total noncurrent liabilities	4,865,169	6,005,006
Total liabilities	5,540,481	6,055,979
Deferred inflows of resources	1,340,343	437,543
Net position		
Net investment in capital assets	4,322,671	4,198,486
Restricted	552,033	879,410
Unrestricted	7,909,255	7,232,481
Total net position	12,783,959	12,310,377
Total liabilities, deferred inflows and net position	\$ 19,664,783	\$ 18,803,899

SHACKELFORD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

A summary of the changes in the County's net position for the year ended September 30, 2022 compared to the year ended September 30, 2021 is as follows:

Shackelford County's Changes in Net Position

	Governmental Activities	
	2022	2021
Program revenues:		
Charges for services	\$ 1,183,760	\$ 1,195,862
Operating grants and contributions	182,032	62,115
General revenues:		
Property taxes, general	3,311,250	3,372,393
Property taxes, debt service	348,602	469,013
Miscellaneous	1,175	858
Investment earnings	55,681	67,114
Total revenues	5,082,500	5,167,355
Expenses:		
General administration	998,933	761,900
Judicial	529,899	437,083
Public safety	1,328,800	1,183,848
Public recreation	12,648	12,648
Agriculture extension service	48,610	40,154
Facilities	488,593	675,967
Non-departmental	59,012	37,834
Elections	34,400	28,737
Public transportation	999,408	802,324
Interest and fiscal charges	108,615	180,560
Total expenses	4,608,918	4,161,055
Change in net position	473,582	1,006,300
Net position- beginning of the year, as previously stated	12,310,377	11,241,411
Prior period adjustments affecting periods prior to 2021	-	62,666
Net position- beginning of the year, as restated	12,310,377	11,304,077
Ending balance, net position	\$ 12,783,959	\$ 12,310,377

SHACKELFORD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS—CONTINUED

As noted earlier, Shackelford County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general governmental functions are reported in the general, capital projects, debt service, and special revenue funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,571,236 as the result of operations.

Of the total ending fund balances, \$7,223,559 constitutes unassigned fund balance, \$769,789 constitutes assigned fund balance, \$537,146 constitutes restricted fund balance, and \$40,742 constitutes nonspendable fund balance. Unassigned fund balance is available for spending at the County's discretion, assigned fund balance represents amounts that may only be used for special revenue fund purposes, and restricted fund balance represents amounts that can be used only for the specific purposes of debt service and enabling legislation.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,223,559. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 206% of total general fund expenditures.

During the year ended September 30, 2022, the County's total revenues were \$5,160,429. A significant portion, 73%, of the County's revenue came from property taxes. 23% came from charges for services, and 5% came from contributions or gifts to the County and investment returns.

The total cost of all County programs and services was \$5,062,183. 24% of these costs were for Public safety, 13% for debt service, 15% for Public transportation (Road and Bridges Precincts), 11% judicial, 10% were for the facilities and 18% were for the general administration of the County. The remaining costs were below 10% of the total, individually.

BUDGETARY HIGHLIGHTS

The County budget is prepared in accordance with accounting principles generally accepted in the United States. The budget is prepared by the County Judge and approved by the Commissioners' Court. The approved budget is used as a management control device during the year, and appropriations are set at the expenditure type level. Budgetary transfers between expenditure types must be approved by the Commissioners' Court.

During the year, the budgetary estimates for revenue and expenditures were amended to actual revenue and expenditures without any major variances, aside from those described in the required supplementary information portion of this report, within Note A to the budgetary schedules presented on page 50.

SHACKELFORD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

CAPITAL ASSETS

At the end of 2022, the County had invested \$15,577,048 in a broad range of capital assets, including land, equipment, buildings, infrastructure, and vehicles.

Shackelford County's Capital Assets
(net of depreciation)

	Governmental Activities	
	2022	2021
Land	\$ 60,578	\$ 60,578
Infrastructure	844,883	763,437
Buildings and improvements	10,801,280	10,801,280
Furniture and equipment	3,673,951	3,557,798
Right to use leased assets	196,356	196,356
Total at historical cost	<u>15,577,048</u>	<u>15,379,449</u>
Total accumulated depreciation on capital assets	(6,527,615)	(5,871,290)
Total accumulated amortization on right to use leased assets	<u>(59,255)</u>	<u>(15,479)</u>
Net capital assets	<u>\$ 8,990,178</u>	<u>\$ 9,492,680</u>

Additional information on County's capital assets can be found in Note 4 on pages 31-32 of this report.

DEBT ADMINISTRATION

At year-end, the County had \$4,865,169 in liabilities that are considered long-term, as shown in the table below. More detailed information about the County's debt is presented in Note 6 to the financial statements on pages 33-35.

Shackelford County's Long-Term Liabilities

	Governmental Activities	
	2022	2021
Notes payable	\$ 347,000	\$ 521,000
Bonds payable	3,368,676	3,699,639
Financed purchases	831,748	915,993
Lease liabilities	133,539	169,478
Compensated absences	25,950	-
Total OPEB liability	158,256	148,250
Net pension liability	<u>-</u>	<u>550,646</u>
Total long-term debt	<u>\$ 4,865,169</u>	<u>\$ 6,005,006</u>

SHACKELFORD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County should maintain its financial health during the 2023 fiscal year. The property taxes levied on October 1, 2022 were more than those levied on October 1, 2021, and budgeted expenditures for next fiscal year are approximately the same as they were for the 2022 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Treasurer's Office at: County of Shackelford, Texas, P.O. Box 3067, Albany, Texas 76430.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Pooled cash and cash equivalents	\$ 6,503,499
Investments	1,087,074
Receivables (net of allowance for uncollectibles)	
Taxes	249,501
Leases	76,733
Due from other governments	-
Prepaid expenses	40,742
Capital assets:	
Land	60,578
Infrastructure	844,883
Buildings and improvements	10,801,280
Furniture and equipment	3,673,951
Right to use leased assets	196,356
Less: accumulated depreciation and amortization	(6,586,870)
Total capital assets (net of accumulated depreciation and amortization)	8,990,178
Net pension asset	707,475
Restricted assets:	
Pooled cash and cash equivalents	1,510,365
Total assets	19,165,567
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	30,591
Deferred outflows - OPEB	75,463
Deferred outflows - pension	393,162
Total deferred outflows of resources	499,216
LIABILITIES	
Accounts payable and other current liabilities	113,167
Accrued interest payable	17,135
Other accrued expenses	29,829
Unearned revenues	515,181
Current portion of lease liabilities	54,934
Current portion of other long term liabilities	569,198
Noncurrent liabilities	
Compensated absences	25,950
Total OPEB liability	158,256
Lease liabilities	78,605
Other long term liabilities	3,978,226
Total liabilities	5,540,481
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from lease receivables	73,214
Deferred inflows - OPEB	4,462
Deferred inflows - pension	1,262,667
Total deferred inflows of resources	1,340,343
NET POSITION	
Net investment in capital assets	4,322,671
Restricted for long term debt	552,033
Unrestricted	7,909,255
Total net position	\$ 12,783,959

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

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

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	
				Governmental Activities	Total
PRIMARY GOVERNMENT					
Governmental activities					
General administrative	\$ 998,933	\$ 374,333	\$ 182,032	\$ (442,568)	\$ (442,568)
Judicial	529,899	391,422	-	(138,477)	(138,477)
Public safety	1,328,800	61,280	-	(1,267,520)	(1,267,520)
Public recreation	12,648	104	-	(12,544)	(12,544)
Agriculture extension service	48,610	-	-	(48,610)	(48,610)
Facilities	488,593	-	-	(488,593)	(488,593)
Non-departmental	59,012	-	-	(59,012)	(59,012)
Elections	34,400	-	-	(34,400)	(34,400)
Public transportation	999,408	356,621	-	(642,787)	(642,787)
Debt service - interest on long-term debt	108,615	-	-	(108,615)	(108,615)
Total governmental activities	4,608,918	1,183,760	182,032	(3,243,126)	(3,243,126)
TOTAL PRIMARY GOVERNMENT	\$ 4,608,918	\$ 1,183,760	\$ 182,032	(3,243,126)	(3,243,126)
General revenues:					
Property taxes, levied for general purposes				3,311,250	3,311,250
Property taxes, levied for debt service				348,602	348,602
Miscellaneous income				1,175	1,175
Investment income				55,681	55,681
Total general revenues				3,716,708	3,716,708
CHANGE IN NET POSITION				473,582	473,582
NET POSITION AT BEGINNING OF YEAR				12,729,805	12,729,805
PRIOR PERIOD ADJUSTMENT				(419,428)	(419,428)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED				12,310,377	12,310,377
NET POSITION AT END OF YEAR				\$ 12,783,959	\$ 12,783,959

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

SHACKELFORD COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Road & Bridge Precinct # 1	Road & Bridge Precinct # 2	Road & Bridge Precinct # 3
ASSETS				
Pooled cash and cash equivalents	\$ 4,049,377	\$ 584,069	\$ 480,844	\$ 576,910
Investments	981,523	11,595	-	-
Prepaid expenses	39,998	184	488	72
Taxes and accounts receivable, net	303,761	-	-	-
Restricted assets:				
Pooled cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 5,374,659</u>	<u>\$ 595,848</u>	<u>\$ 481,332</u>	<u>\$ 576,982</u>
INTERNAL BALANCES				
Due (to)/from other funds	<u>\$ 2,247,006</u>	<u>\$ (680,295)</u>	<u>\$ (420,090)</u>	<u>\$ (237,284)</u>
LIABILITIES				
Accounts payable and accrued expenses	104,751	2,054	1,389	2,749
Accrued expenses	29,743	53	17	-
Unearned revenues	-	-	-	-
Total liabilities	<u>134,494</u>	<u>2,107</u>	<u>1,406</u>	<u>2,749</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from lease receivables	73,214	-	-	-
Unavailable revenue - property taxes	150,400	-	-	-
Total deferred inflows of resources	<u>223,614</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable fund balance:				
Prepaid items	39,998	184	488	72
Restricted fund balance:				
Debt service	-	-	-	-
Assigned fund balance:				
Road and bridge	-	(86,738)	59,348	336,877
Other assigned fund balance	-	-	-	-
Unassigned fund balance	<u>7,223,559</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>7,263,557</u>	<u>(86,554)</u>	<u>59,836</u>	<u>336,949</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,621,665</u>	<u>\$ (84,447)</u>	<u>\$ 61,242</u>	<u>\$ 339,698</u>

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

SHACKELFORD COUNTY, TEXAS
BALANCE SHEET, CONTINUED – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	Road & Bridge Precinct # 4	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash and cash equivalents	\$ 812,299	\$ -	\$ -	\$ 6,503,499
Investments	93,956	-	-	1,087,074
Prepaid expenses	-	-	-	40,742
Taxes and accounts receivable, net	-	22,473	-	326,234
Restricted assets:				
Pooled cash and cash equivalents	-	529,560	980,805	1,510,365
Total assets	<u>\$ 906,255</u>	<u>\$ 552,033</u>	<u>\$ 980,805</u>	<u>\$ 9,467,914</u>
INTERNAL BALANCES				
Due (to)/from other funds	\$ (1,140,342)	\$ -	\$ 231,005	\$ -
LIABILITIES				
Accounts payable	2,224	-	-	113,167
Unearned revenue	16	-	-	29,829
Payables from restricted assets	-	-	515,181	515,181
Total liabilities	2,240	-	515,181	658,177
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from lease receivables	-	-	-	73,214
Unavailable revenue - property taxes	-	14,887	-	165,287
Total deferred inflows of resources	-	14,887	-	238,501
FUND BALANCES				
Nonspendable fund balance:				
Prepaid items	-	-	-	40,742
Restricted fund balance:				
Debt service	-	537,146	-	537,146
Assigned fund balance:				
Road and bridge	(236,327)	-	-	73,160
Other assigned fund balance	-	-	696,629	696,629
Unassigned fund balance	-	-	-	7,223,559
Total fund balances	<u>(236,327)</u>	<u>537,146</u>	<u>696,629</u>	<u>8,571,236</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ (234,087)</u>	<u>\$ 552,033</u>	<u>\$ 1,211,810</u>	<u>\$ 9,467,914</u>

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

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

Total Fund Balances - Governmental Funds Balance Sheet	\$ 8,571,236
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used or leased in governmental activities are not financial resources and therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.	8,990,178
The net pension asset reported for governmental activities is not a current financial resource and therefore, is not reported in the governmental funds balance sheet. The net effect is to increase net position.	707,475
The total OPEB payable is not due or payable in the current period and therefore is not reported in the governmental funds. The net effect is a decrease to net position.	(158,256)
Property taxes receivable that are not collected within sixty days of year end are not considered available to pay for current-period expenditures and are not recognized as revenue in the governmental funds, resulting in a net increase to net position.	165,287
Long-term liabilities, including bonds payable, lease liabilities, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.	(4,706,913)
Deferred outflows of resources related to long-term liabilities and bond refunding transactions are not due and payable in the current period, therefore they are not reported in the governmental funds. The net effect is an increase to net position.	30,591
Payables for bond interest which are not due in the current period are not reported in the funds. The net effect is a decrease in net position.	(17,135)
Included in the items related to long-term liabilities is the recognition of the County's deferred outflow of resources, and deferred inflow of resources relating to its pension and OPEB liabilities.	<u>(798,504)</u>
Net Position of Governmental Activities - Statement of Net Position	<u>\$ 12,783,959</u>

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

SHACKELFORD COUNTY, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Road & Bridge Precinct #1	Road & Bridge Precinct #2	Road & Bridge Precinct #3
REVENUES				
Taxes	\$ 3,381,808	\$ -	\$ -	\$ -
Licenses, fines, and fees	816,599	78,420	71,365	100,879
Investment earnings	45,135	28	-	-
Miscellaneous	-	350	-	800
Grant income	63,025	-	-	-
Total revenues	<u>4,306,567</u>	<u>78,798</u>	<u>71,365</u>	<u>101,679</u>
EXPENDITURES				
Current:				
General administrative	900,745	-	-	-
Judicial	569,431	-	-	-
Public safety	1,235,169	-	-	-
Agriculture extension service	54,550	-	-	-
Facilities	490,413	-	-	-
Non-departmental	58,570	-	-	-
Elections	34,400	-	-	-
Public transportation	-	173,497	149,765	163,412
Capital outlay	-	-	70,800	10,646
Debt service:				
Principal	174,000	19,236	25,039	18,337
Interest and fiscal charges	15,822	5,409	5,903	3,568
Total expenditures	<u>3,533,100</u>	<u>198,142</u>	<u>251,507</u>	<u>195,963</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>773,467</u>	<u>(119,344)</u>	<u>(180,142)</u>	<u>(94,284)</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	-	61,000
Transfers in (out)	(63,928)	81,946	152,475	73,624
Total other financing sources (uses)	<u>(63,928)</u>	<u>81,946</u>	<u>152,475</u>	<u>134,624</u>
NET CHANGE IN FUND BALANCES	709,539	(37,398)	(27,667)	40,340
FUND BALANCES AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	6,437,311	(33,781)	97,951	275,631
PRIOR PERIOD ADJUSTMENT	<u>116,707</u>	<u>(15,375)</u>	<u>(10,448)</u>	<u>20,978</u>
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>6,554,018</u>	<u>(49,156)</u>	<u>87,503</u>	<u>296,609</u>
FUND BALANCES AT END OF YEAR	<u>\$ 7,263,557</u>	<u>\$ (86,554)</u>	<u>\$ 59,836</u>	<u>\$ 336,949</u>

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

SHACKELFORD COUNTY, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE, CONTINUED
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Road & Bridge Precinct #4	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ 366,416	\$ -	\$ 3,748,224
Licenses and fees	105,957	-	95	1,173,315
Investment earnings	368	3,193	6,959	55,683
Miscellaneous	25	-	-	1,175
Grant income	-	-	119,007	182,032
Total revenues	<u>106,350</u>	<u>369,609</u>	<u>126,061</u>	<u>5,160,429</u>
EXPENDITURES				
Current:				
General administrative	-	-	10,892	911,637
Judicial	-	-	-	569,431
Public safety	-	-	-	1,235,169
Agriculture extension service	-	-	-	54,550
Facilities	-	-	-	490,413
Non-departmental	-	-	-	58,570
Elections	-	-	-	34,400
Public transportation	282,255	-	-	768,929
Capital outlay	-	-	177,440	258,886
Debt service:				
Principal	21,633	305,000	-	563,245
Interest and fiscal charges	7,051	79,200	-	116,953
Total expenditures	<u>310,939</u>	<u>384,200</u>	<u>188,332</u>	<u>5,062,183</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(204,589)</u>	<u>(14,591)</u>	<u>(62,271)</u>	<u>98,246</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	-	61,000
Transfers in (out)	91,760	(302,200)	(33,677)	-
Total other financing sources (uses)	<u>91,760</u>	<u>(302,200)</u>	<u>(33,677)</u>	<u>61,000</u>
NET CHANGE IN FUND BALANCES	<u>(112,829)</u>	<u>(316,791)</u>	<u>(95,948)</u>	<u>159,246</u>
FUND BALANCES AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	<u>(104,139)</u>	<u>853,937</u>	<u>1,035,429</u>	<u>8,562,339</u>
PRIOR PERIOD ADJUSTMENT	<u>(19,359)</u>	<u>-</u>	<u>(242,852)</u>	<u>(150,349)</u>
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>(123,498)</u>	<u>853,937</u>	<u>792,577</u>	<u>8,411,990</u>
FUND BALANCES AT END OF YEAR	<u>\$ (236,327)</u>	<u>\$ 537,146</u>	<u>\$ 696,629</u>	<u>\$ 8,571,236</u>

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

SHACKELFORD COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 159,246
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.	258,886
Depreciation and amortization expenses are not reflected in the governmental funds but are recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation and amortization, respectively. The net effect is to decrease net position.	(710,831)
Net losses on the disposal of capital assets are not reflected in the governmental funds but are recorded in the government-wide financial statements, net against any proceeds or insurance recoveries received in the disposal transaction.	(50,557)
Governmental funds report the effect of premiums, discounts, and deferred gains or losses on refundings when debt is first issued, but such amounts are deferred and amortized in the statement of activities. The net effect of amortizing the County's deferred loss on bond refunding is an increase the change in net position	22,564
Current year long-term debt principal payments on long-term debt are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements. This results in an increase in net position.	599,184
Accruals for compensated absences are recorded as expenses in the government-wide financial statements but are not recorded in the fund financial statements. The result is a decrease in net position.	(25,950)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. The current year decrease in revenue recognized in the government-wide financial statements results in a decrease in net position.	(88,372)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas, in the fund financial statements, interest expense is reported when due. The net decrease in the accrual from the last fiscal year is an increase to net position.	8,338
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's share of pension expense must be recognized.	301,074
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u>473,582</u>

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

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

	Agency Funds
ASSETS	
Pooled cash and cash equivalents	\$ 174,155
Total assets	\$ 174,155
NET POSITION	
Restricted for:	
Friends of the courthouse	\$ 189
4-H Club	11,368
Historical Commission	2,437
Youth & Livestock Association	160,161
Total liabilities	\$ 174,155

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

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

	Agency Funds
ADDITIONS	
Friends of the courthouse deposits	\$ 10
4-H Club deposits	10,331
Historical Commission deposits	293
Youth & Livestock Association deposits	184,334
Total additions	194,968
DEDUCTIONS	
4-H Club withdrawals	6,274
Historical Commission withdrawals	91
Youth & Livestock Association withdrawals	119,849
Other deductions	13,908
Total deductions	140,122
CHANGE IN NET POSITION	54,846
NET POSITION AT BEGINNING OF YEAR	119,309
NET POSITION AT END OF YEAR	\$ 174,155

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

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Shackelford County, Texas (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to County units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

REPORTING ENTITY

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

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

- The organization is legally separate (can sue and be sued in its name)
- The County holds the corporate powers of the organization
- The County appoints a voting majority of the organization's board
- The County is able to impose its will on the organization
- The organization has the potential to impose financial benefit/burden on the County
- There is fiscal dependency by the organization on the County
- The exclusion of the organization would result in misleading or incomplete financial statements.

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

BASIS OF PRESENTATION

Government-wide financial statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses in the statement of activities.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION—
CONTINUED

BASIS OF PRESENTATION—CONTINUED

Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the County's funds with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds with each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General fund: This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Road and bridge funds: These funds account for accumulation of resources for, and the payment of maintenance and construction of roads and bridges within the County.

Debt service fund: This fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

In addition, the County reports the following nonmajor governmental funds:

Other nonmajor special revenue funds: These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUND TYPES

Agency funds: These funds are used to report funds of the County's fee offices and other resources held in a purely custodial capacity (assets make up total net position). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because the assets are held in a trustee or agent capacity and are, therefore, not available to support County programs, these funds are not included in the government-wide statements.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION—
CONTINUED

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide, proprietary, and fiduciary fund financial statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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. Revenues from local sources consist primarily of property taxes. Property taxes revenue and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available at that time. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs expenditures or expenses for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

FUND BALANCE

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commissioners' Court (the County's highest level of decision-making authority).
4. Assigned fund balance classification includes amounts intended to be used by the County for specific purposes but that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FUND BALANCE—CONTINUED

Nonspendable Fund Balance: At September 30, 2022, the nonspendable fund balance of \$40,742 is comprised of prepaid expenditures.

Restricted Fund Balance: At September 30, 2022, the restricted fund balance of \$537,146 is comprised of funds reserved for future debt service.

Committed Fund Balance: The County's committed fund balance is the portion of the fund balance that may only be established and modified by a formal action of the Commissioners' Court. At September 30, 2022, there were no committed fund balances.

Assigned Fund Balance: The Commissioners' Court has the authority to assign fund balance to each of the four road and bridge precincts, which totals \$73,160 at September 30, 2022. Additionally, the County's nonmajor funds' balances are considered assigned for those funds' purposes, totaling \$696,629 at September 30, 2022.

Order of Fund Balance Spending Policy: 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: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

Minimum Fund Balance Policy: The County shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is 12% of the total operating expenditures, and the Unassigned fund balance is 20% of the total operating expenditures.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

BUDGET

The County's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending September 30th.

The County Treasurer submits an annual budget to the County Commissioners in accordance with state law. In September, the County Commissioners adopted annual fiscal year budgets for specified County funds. Budgets for the general fund are adopted on a basis consistent with U.S. generally accepted accounting principles. The budget is properly amended throughout the year and is filed with the County Clerk.

CASH AND CASH INVESTMENTS

The County considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. The appraisal of property within the County is the responsibility of the Shackelford County Appraisal District as required by legislation passed by the Texas Legislature. The Appraisal District is required under such legislation to assess all property with the district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The combined tax rate to finance general governmental services, including debt service, for the year ended September 30, 2022 was \$0.6506 per \$100 of assessed valuation.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

PROPERTY TAXES—CONTINUED

Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. 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 1) when they become due or past due and receivable within the current period and 2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the general and debt service funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

LEASES

Effective October 1, 2020, the County early implemented GASB Statement No. 87, Leases, which required the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Lessee – The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At implementation of GASB Statement No. 87, the County initially measured the lease liabilities at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease right-to-use asset was initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease right-to-use asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor—The County recognizes a lease receivable and deferred inflow of resources in the government-wide, and governmental funds financial statements.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

LEASES—CONTINUED

At implementation of GASB Statement No. 87, the County measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a re-measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CAPITAL ASSETS

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. A capitalization threshold of \$5,000 is used.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

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

Buildings and improvements	20-40 years
Roads	20 years
Equipment	10 years
Vehicles	5 years
Technology equipment	5 years

RECEIVABLE AND PAYABLE BALANCES

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 a specific event (such as illness)

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

In the fiscal year ended September 30, 2022, the County's policy was that employees are only paid for one week of vacation (no matter what amount in excess of that may have been earned) upon termination of employment. Comp time or sick leave earned is not paid out upon termination.

INTERFUND ACTIVITY

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

LONG TERM DEBT

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period in the fund financial statements. Bond proceeds and premiums are reported as an "other financing source." Bond discounts are reported as an "other financing use". Bond issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

For the government-wide financial statements, premiums and discounts are reported as deferred charges and amortized over the life of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources for the difference between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual expenses related to its pension plan and for unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES—CONTINUED

The County has the following items that qualify for reporting as deferred inflows or outflows of resources:

- **Deferred Outflows:**
 - Deferred loss on refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
 - Pensions/OPEB – these deferred outflows result from pension/OPEB contributions after the measurement date (deferred and recognized as a reduction of the pension/OPEB liability in the following fiscal year); changes in actuarial assumptions and/or differences between expected and actual economic experience (deferred and amortized over the estimated average remaining lives of participants) and/or differences in projected and actual earnings on pension/OPEB assets (deferred and amortized over a closed five year period).
- **Deferred Inflows**
 - Pensions/OPEB – Differences in expected and actual experience and differences in assumption changes are deferred and amortized over a closed period equal to the estimated average remaining lives of all employees provided pensions through the plan, while investment experience differences are amortized over a closed 5-year period.
 - Deferred inflows from lease receivables – Collections of lease receivables, are deferred in both the governmental fund and government wide financial statements. These amounts are recognized in a systematic manner over the life of the lease.
 - Deferred inflows from unavailable revenues – The governmental funds balance sheet reports deferred inflows from receivables that were not collected within 60 days of year-end. The deferred inflow from receivables balances and changes are reported as a reconciling amount to the statements of net position and activities. Deferred inflows from leases are also reported on the governmental fund balance sheet.

PENSIONS AND OTHER POST EMPLOYMENT BENEFITS (OPEB)

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NEW ACCOUNTING PRONOUNCEMENTS

The GASB pronouncements effective in fiscal year 2022 and beyond are listed as follows:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing these relationships and availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County is currently evaluating the impact of this Statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, provides guidance on the accounting and financial reporting of contractual arrangements. It defines SBITA; establishes that a SBITA results in a right-to-use subscription asset; provides capitalization criteria; and requires note disclosures. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The County is currently evaluating the impact of this Statement.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

NEW ACCOUNTING PRONOUNCEMENTS—CONTINUED

GASB Statement No. 97, *Certain Component Unit Criteria*, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that governing board typically would perform; mitigates costs associated with the reporting of certain defined contribution pension, OPEB and benefit plans other than pension or OPEB plans; and enhances the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement related to the accounting and financial reporting for Section 457 plans was effective for fiscal years beginning after June 15, 2021, and have no impact on the County's financial statements.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended and terminology updates related to Statements No. 53 and 63 are effective immediately and implemented in the current year. All other requirements of this Statement are effective for fiscal years beginning after June 15, 2022, or June 15, 2023. The County is currently evaluating the impact of this Statement.

GASB Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The County is currently evaluating the impact of this Statement.

GASB Statement No. 101, *Compensated Absences*, will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The County is currently evaluating the impact of this Statement.

NOTE 2: DEPOSITS AND INVESTMENTS

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2022, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$9,100,938. The County's cash deposits at September 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 2: DEPOSITS AND INVESTMENTS—CONTINUED

INVESTMENTS

The County is required by Government Code Chapter 2256, The Public Funds Investment 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 Public Funds Investment Act (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 an establishment of appropriate policies and that the County 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 September 30, 2022 consist entirely of certificates of deposit whose fair value approximates \$1,087,074.

INVESTMENT RISKS

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:

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At September 30, 2022, the County was not exposed to this risk.
- Custodial credit risk relates to deposits that are exposed to the risk that 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. At September 30, 2022, the County was not exposed to this risk.
- Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. At September 30, 2022, the County was not exposed to this risk.
- Foreign currency risk is the risk that exchange rates will adversely affect the fair value of an investment. At September 30, 2022, the County was not exposed to this risk.

CONCENTRATION OF CREDIT RISK

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

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 2: DEPOSITS AND INVESTMENTS – CONTINUED

INVESTMENT ACCOUNTING POLICY

The County's general policy is to report money market investments and short-term participating interest earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

NOTE 3: RECEIVABLES

Receivables at September 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental</u>		<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Receivables			
Leases	\$ 76,733	\$ -	\$ 76,733
Taxes	243,972	24,150	268,122
Total gross receivables	320,705	24,150	344,855
Less: Allowance for uncollectible			
Taxes	(16,944)	(1,677)	(18,621)
Net total receivables	\$ 303,761	\$ 22,473	\$ 326,234

LEASE RECEIVABLES

The County is a lessor for non-cancelable leases of the right-to-use of cell phone tower space for which the County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. The interest rate for the leases approximates 2.5% annually, and the terms generally automatically renew on an annual basis. The lease receivables that exist at September 30, 2022, relate to leases whose terms are expected to expire around 2042.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The County has \$76,733 remaining in lease receivables and \$73,214 remaining in deferred inflow as of September 30, 2022. The County recorded lease revenue including interest of \$6,016 in the fiscal year.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3: RECEIVABLES—CONTINUED

LEASE RECEIVABLES—CONTINUED

As of September 30, 2022, the expected lease receipts through the expiration of all leases for which the County is a lessor is as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 2,308	\$ 1,892	\$ 4,200
2024	3,274	1,826	5,100
2025	3,663	1,737	5,400
2026	3,756	1,644	5,400
2027	3,851	1,549	5,400
2028-2032	20,764	6,236	27,000
2033-2037	23,526	3,474	27,000
2038-2042	15,591	609	16,200
Totals	\$ 76,733	\$ 18,967	\$ 95,700

NOTE 4: CAPITAL ASSETS & RIGHT TO USE LEASED ASSETS

CAPITAL ASSETS

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

	Beginning Balances	Increases	Retirements	Ending Balances
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 60,578	\$ -	\$ -	\$ 60,578
Total capital assets not being depreciated	60,578	-	-	60,578
Capital assets being depreciated				
Infrastructure	763,437	81,446	-	844,883
Buildings and improvements	10,801,280	-	-	10,801,280
Furniture and equipment	3,557,798	177,440	(61,287)	3,673,951
Total capital assets being depreciated	15,122,515	258,886	(61,287)	15,320,114
Less accumulated depreciation for:				
Infrastructure	(693,496)	(21,249)	-	(714,745)
Buildings and improvements	(3,138,489)	(302,491)	-	(3,440,980)
Furniture and equipment	(2,039,305)	(343,315)	10,730	(2,371,890)
Total accumulated depreciation	(5,871,290)	(667,055)	10,730	(6,527,615)
Total capital assets being depreciated, net	9,251,225	(408,169)	(50,557)	8,792,499
Governmental activities capital assets, net	\$ 9,311,803	\$ (408,169)	\$ (50,557)	\$ 8,853,077

Depreciation was charged to County functions as follows:

General administrative	\$ 164,153
Public safety	188,364
Public recreation	12,648
Transportation	301,890
Total depreciation expense	\$ 667,055

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 4: CAPITAL ASSETS & RIGHT TO USE LEASED ASSETS—CONTINUED

RIGHT TO USE LEASED ASSETS

Activity for right to use leased assets for the year ended September 30, 2022 was as follows:

	Beginning Balances	Increases	Retirements	Ending Balances
Governmental Activities				
Right to use leased assets being amortized:				
Cell tower space	\$ 47,276	\$ -	\$ -	\$ 47,276
Office equipment	62,110	-	-	62,110
Vehicles	86,970	-	-	86,970
Total right to use leased assets being amortized:	196,356	-	-	196,356
Less accumulated amortization for:				
Cell tower space	(2,364)	(2,364)	-	(4,728)
Office equipment	(1,035)	(12,422)	-	(13,457)
Vehicles	(12,080)	(28,990)	-	(41,070)
Total accumulated amortization	(15,479)	(43,776)	-	(59,255)
Governmental activities right to use leased assets, net	\$ 180,877	\$ (43,776)	\$ -	\$ 137,101

Amortization on the County's right to use leased assets was charged \$33,526 to public safety, \$1,306 to facilities, and \$8,944 to non-departmental expenses.

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers between County funds during the year ended September 30, 2022 consisted of the following:

Transfers from	Transfers to	Amount	Purpose
General fund	Road & Bridges Precinct #1	\$ 80,000	Annual payroll reimbursement
General fund	Road & Bridges Precinct #1	1,946	Supplementing funds
General fund	Road & Bridges Precinct #2	80,000	Annual payroll reimbursement
General fund	Road & Bridges Precinct #2	1,675	Supplementing funds
Nonmajor governmental funds	Road & Bridges Precinct #2	70,800	Transferring grant funds for expenditure
General fund	Road & Bridges Precinct #3	80,000	Annual payroll reimbursement
General fund	Road & Bridges Precinct #3	3,085	Supplementing funds
Road & Bridges Precinct #3	Road & Bridges Precinct #4	9,461	Supplementing funds
General fund	Road & Bridges Precinct #4	80,000	Annual payroll reimbursement
General fund	Road & Bridges Precinct #4	2,299	Supplementing funds
General fund	Nonmajor governmental funds	37,123	Supplementing funds
Debt service fund	General fund	302,200	Settling interfund payable balance
	Total	\$ 748,589	

Balances due to and from other funds at year ended September 30, 2022 consisted of the following:

Due to Fund	Due From Fund	Amount	Purpose
Nonmajor governmental funds	General fund	\$ 231,005	Intrafund payables for pooled cash
General fund	Road & Bridges Precinct #1	680,295	Intrafund payables for pooled cash
General fund	Road & Bridges Precinct #2	420,090	Intrafund payables for pooled cash
General fund	Road & Bridges Precinct #3	237,284	Intrafund payables for pooled cash
General fund	Road & Bridges Precinct #4	1,140,342	Intrafund payables for pooled cash
	Total	\$ 2,709,016	

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 6: LONG TERM OBLIGATIONS

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Note payable -					
First Financial Bank	\$ 521,000	\$ -	\$ (174,000)	\$ 347,000	\$ 173,000
Total notes payable	521,000	-	(174,000)	347,000	173,000
Bonds payable - Series 2021					
General Obligation Refunding Bond	3,440,000	-	(305,000)	3,135,000	310,000
Premium on bonds payable- Series 2021					
General Obligation Refunding Bond	259,639	-	(25,963)	233,676	-
Total bonds and premiums payable	3,699,639	-	(330,963)	3,368,676	310,000
Financed purchase -					
Road & Bridges Precinct 1	225,217	-	(19,237)	205,980	18,754
Financed purchase -					
Road & Bridges Precinct 2	247,640	-	(25,039)	222,601	25,602
Financed purchase -					
Road & Bridges Precinct 3	230,816	-	(18,336)	212,480	19,736
Financed purchase -					
Road & Bridges Precinct 4	212,320	-	(21,633)	190,687	22,106
Total financed purchases	915,993	-	(84,245)	831,748	86,198
Compensated absences	-	25,950	-	25,950	-
Total Governmental Activities	\$ 5,136,632	\$ 25,950	\$ (589,208)	\$ 4,573,374	\$ 569,198

NOTES PAYABLE

On May 24, 2019, the County entered into a note agreement with First Financial Bank of Albany in the amount of \$1,215,000 at an annual interest rate of 2.99% for a period of seven years for the purpose of repairing and restoring the County Courthouse. Payments are due annually at amounts ranging between \$173,000 and \$174,000 with a final maturity in fiscal year 2024. Debt service requirements on the note payable as of September 30, 2022 are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 173,000	\$ 10,375	\$ 183,375
2024	174,000	5,203	179,203
Totals	\$ 347,000	\$ 15,578	\$ 362,578

Total interest expense on the note payable for the year ended September 30, 2022 was \$15,822 and is recorded in the General fund level financial statements.

BONDS PAYABLE

In February 2021, the County issued \$3,440,000 of General Obligation Refunding Bonds, Series 2021, which refunded the General Obligation Bonds, Series 2011. Interest rates on the refunding bonds range between 1% and 3%.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 6: LONG TERM OBLIGATIONS—CONTINUED

BONDS PAYABLE—CONTINUED

Debt service requirements on the bonds payable as of September 30, 2022 are as follows:

Year Ending September 30,	Governmental Activities		Total
	Principal	Interest	
2023	310,000	72,750	\$ 382,750
2024	320,000	64,850	384,850
2025	330,000	55,100	385,100
2026	340,000	45,050	385,050
2027	350,000	34,700	384,700
2028-2031	1,485,000	44,725	1,529,725
Totals	\$ 3,135,000	\$ 317,175	\$ 3,452,175

Total interest expense on the bonds payable for the year ended September 30, 2022 was \$79,200 and is recorded in the Debt Service fund level financial statements.

FINANCED PURCHASES

Effective as of September 30, 2022, the County was a party to four individual long-term lease agreements with First National Bank of Wichita Falls, Texas in the total amount of \$985,092 at an annual imputed rate of interest of 2.50% for a period of five years for the purpose of acquiring motor graders for the Roads and Bridges funds' use. Debt service requirements on the financed purchases payable as of September 30, 2022 are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 86,198	\$ 19,979	\$ 106,177
2024	88,494	17,683	106,177
2025	361,484	11,442	372,926
2026	295,572	45,480	341,052
Total minimum lease paymen \$	\$ 831,748	\$ 94,584	\$ 926,332

Total interest expense on the financed purchases were recorded in the following Road and Bridge fund level financial statements as follows:

- Road & Bridge Precinct #1- \$6,457
- Road & Bridge Precinct #2- \$5,972
- Road & Bridge Precinct #3- \$4,647
- Road & Bridge Precinct #4- \$5,140

Other long-term liabilities include lease liabilities stemming from the County's lease agreements as the lessee party for the right-to-use equipment over the term of the leases. The County is required to make periodic payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

Effective October 1, 2020, the County implemented GASB Statement No. 87, Leases. At implementation of this statement, the County initially measured the lease liability at the present value of payments expected to be made during the remaining lease term.

The County's lessee arrangements incur interest at rates of approximately 2.5% annually; all of which are accounted for within the County's governmental activities. All such arrangements range between 3 and 20 years in length.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 6: LONG TERM OBLIGATIONS – CONTINUED

FINANCED PURCHASES—CONTINUED

Changes to the County's lease liabilities during the year ended September 30, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities lease liabilities					
Cell tower space	\$ 45,336	\$ -	\$ (1,888)	\$ 43,448	\$ 1,936
Office equipment	61,010	-	(11,809)	49,201	12,108
Vehicles	63,132	-	(22,242)	40,890	40,890
Total governmental activities lease liabilities	<u>\$ 169,478</u>	<u>\$ -</u>	<u>\$ (35,939)</u>	<u>\$ 133,539</u>	<u>\$ 54,934</u>

The annual debt service requirement to amortize the lease liabilities outstanding at September 30, 2022, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 54,934	\$ 3,228	\$ 58,162
2024	14,399	1,801	16,200
2025	14,763	1,437	16,200
2026	14,037	1,063	15,100
2027	2,139	861	3,000
2028-2032	11,536	3,464	15,000
2033-2037	13,070	1,930	15,000
2038-2042	8,661	339	9,000
Totals	<u>\$ 133,539</u>	<u>\$ 14,123</u>	<u>\$ 147,662</u>

COMPENSATED ABSENCES

County employees are entitled to certain compensated absences based on their length of employment. Accrued compensated absences at September 30, 2022 totaled \$25,950.

NOTE 7: PENSION PLAN

PLAN DESCRIPTION

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of 701 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

BENEFITS PROVIDED

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 20 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 7: PENSION PLAN—CONTINUED

BENEFITS PROVIDED—CONTINUED

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

MEMBERSHIP

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

<u>Members</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2021</u>
Number of inactive employees entitled to but not yet receiving benefits	45	48
Number of active employees	46	44
Average monthly salary	\$2,711	\$2,821
Average age	46.19	48.98
Average length of service in years	7.40	7.91

Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients	34	35
Average monthly benefit	\$1,294	\$1,304

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

A summary of the contribution rates and amounts for the valuation period ended December 31, 2021 is as follows:

<u>Contribution Rates</u>	<u>2021</u>
Member	7.00%
Employer	17.50%
Member Contributions	102,822
Employer Contributions	245,900

ACTUARIAL ASSUMPTIONS

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using actuarial assumptions detailed in the accompanying required supplementary information on page 53 of this report.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 7: PENSION PLAN—CONTINUED

ACTUARIAL ASSUMPTIONS—CONTINUED

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

DISCOUNT RATE

The discount rate used to measure the total pension asset was 7.60%. This change in the discount rate from the previous year was based on actuarial assumptions. In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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

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

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 7: PENSION PLAN—CONTINUED

DISCOUNT RATE—CONTINUED

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation (1)</u>	<u>Geometric Real Rate of Return (2)</u>
US Equities	Dow Jones US Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
Int'l Equities - Developed Markets	MSCI World Ex USA (net)	5.00%	3.80%
Int'l Equities - Emerging Markets	MSCI EM Standard (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays US 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% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	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 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.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED IN AND OUTFLOWS OF RESOURCES RELATED TO PENSIONS

At September 30, 2022, the County reported a net pension asset of \$707,475 for the at December 31, 2021 measurement date. There were changes of assumptions or other inputs that affected measurement of the total pension asset during the measurement period. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 7: PENSION PLAN – CONTINUED

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED IN AND OUTFLOWS OF RESOURCES
RELATED TO PENSIONS—CONTINUED**

Changes in the net pension liability for the year ended December 31, 2021 are as follows:

	Increase (Decrease)		Net Pension
	Total Pension	Fiduciary Net	Liability /
Changes in Net Pension Liability (Asset)	Liability	Position	(Asset)
	(Asset) (a)	(b)	(a) - (b)
Balances as of December 31, 2020	\$ 9,138,840	\$ 8,588,194	\$ 550,646
Changes for the year:			
Service cost	245,614	-	245,614
Interest on total pension liability (1)	692,782	-	692,782
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	54,874	-	54,874
Effect of assumptions changes or inputs	(47,969)	-	(47,969)
Refund of contributions	(11,750)	(11,750)	-
Benefit payments	(536,073)	(536,073)	-
Administrative expenses	-	(5,543)	5,543
Member contributions	-	102,822	(102,822)
Net investment income	-	1,863,519	(1,863,519)
Employer contributions	-	245,900	(245,900)
Other (3)	-	(3,276)	3,276
Balances as of December 31, 2021	<u>\$ 9,536,318</u>	<u>\$ 10,243,793</u>	<u>\$ (707,475)</u>

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

[2] No plan changes valued.

[3] Relates to allocation of system-wide items.

Discount Rate Sensitivity Analysis. The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 10,601,514	\$ 9,536,318	\$ 8,626,425
Fiduciary net position	10,243,793	10,243,793	10,243,793
Net pension liability (asset)	<u>\$ 357,721</u>	<u>\$ (707,475)</u>	<u>\$ (1,617,368)</u>

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 7: PENSION PLAN – CONTINUED

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED IN AND OUTFLOWS OF RESOURCES
RELATED TO PENSIONS—CONTINUED**

At December 31, 2021, the County reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$ 54,377	\$ 36,583
Changes in actuarial assumptions	31,979	147,368
Net difference between projected and actual investment earnings	1,176,311	-
Contributions paid to TCDRS subsequent to the measurement date	-	209,211
Total	<u>\$ 1,262,667</u>	<u>\$ 393,162</u>

There were \$209,211 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or asset for the year ending September 30, 2022. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions is \$1,078,716, which excludes contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2022	\$ (159,230)
2023	(395,449)
2024	(280,324)
2025	(243,713)
2026	-
Thereafter	-
	<u>\$ (1,078,716)</u>

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB)

PLAN DESCRIPTION

Shackelford County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. As mentioned in Note 8 TCDRS issues a 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, or on the TCDRS website.

The County does not maintain a trust to pay for future OPEB expenses. However, the County annually budgets amounts necessary to cover the pay-as-you-go costs of benefits to retirees and eligible beneficiaries and their dependents. Contribution, adjustment, or elimination of the contribution and adjustments to OPEB eligibility are subject to Commissioners Court's annual budgetary discretion.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB)—CONTINUED

BENEFITS PROVIDED

All full and part-time, non-temporary employees participate in the plan, regardless of the number of hours they work in a year. The plan provides a fixed, lump sum benefit of \$5,000 in post-retirement death benefit to beneficiaries of service retirees and disability retirees. Benefit terms are established under the TCDRS Act. Participation in the program is optional and the County may elect to opt out of or into coverage as of January 1st each year.

MEMBERSHIP

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

<u>Members</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2021</u>
Number of inactive employees entitled to but not yet receiving benefits	11	10
Number of active employees	46	44
Average age	46.19	48.98
Average length of service in years	7.40	7.91

Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients (1)	27	28
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(1) "Receiving benefits" indicates the members is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

TOTAL OPEB LIABILITY AND ACTUARIAL ASSUMPTIONS

The County's total OPEB liability of \$158,256 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date. That valuation was based on the following actuarial assumptions that are based on an actuarial experience study for the period of January 1, 2017 through December 31, 2020, except where required to be different by GASB 75:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	Straight- line amortization over expected working life
Investment Rate of Return (Discount Rate)	2.06%

TCDRS system-wide demographic assumptions:

- Former Employees Working for Another TCDRS Employer — Former employees who have left their accounts on deposit and are now an active depositing member with another TCDRS employer are treated for valuation purposes as an active member with no future member deposits.
- Disability — The rates of disability used in this valuation are described below. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.
 - Depositing members, service retirees, beneficiaries, and non-depositing members mortality rates are 135% of Pub-2010 General Employees Amount-Weighted Mortality table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females both projected with 100% of the MP-2021 Ultimate scale after 2010.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB)—CONTINUED

TOTAL OPEB LIABILITY AND ACTUARIAL ASSUMPTIONS—CONTINUED

- Disabled retirees members mortality rates are 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Employer-specific demographic assumptions:

- Other Terminations of Employment — The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement range between 0% and 33%. The rates vary by length of service and entry-age group (age at hire). No termination after eligibility for retirement is assumed.
- Withdrawals — Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.
- Current Vested Members — Current deferred vested inactive members are assumed to keep their accounts with TCDRS until their assumed retirement.

Changes in the County's total OPEB liability for the valuation year ended December 31, 2021 are as follows:

Changes in Total OPEB Liability	Increase (Decrease)
Balances as of December 31, 2020	\$ 148,250
Changes for the year:	
Service cost	5,063
Interest on total pension liability-(1)	3,213
Effect of plan changes (2)	-
Effect of economic/demographic gains or losses	2,535
Effect of assumptions changes or inputs-(3)	2,720
Benefit payments	(3,525)
Other	-
Balances as of December 31, 2021	\$ 158,256

- [1] Reflects the change in the liability due to the time value of money.
TCDRS does not charge fees or interest.
[2] No plan changes valued.
[3] Relates change in discount rate.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.06%) or 1% higher (3.06%) than the current discount rate:

	1% Decrease	Current	1% Increase
	1.06%	Discount Rate 2.06%	3.06%
Total OPEB liability	\$ 192,075	\$ 158,256	\$ 132,227

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB)—CONTINUED

DEFERRED INFLOWS AND OUTFLOWS RELATED TO OPEB

At December 31, 2021, the County reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows</u> <u>of Resources</u>	<u>Deferred Outflows</u> <u>of Resources</u>
Differences between expected and actual economic experience	\$ 2,244	\$ 1,901
Changes in actuarial assumptions	2,218	23,162
Contributions made subsequent to the measurement date	-	50,400
Total	<u>\$ 4,462</u>	<u>\$ 75,463</u>

The \$50,400 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will increase decrease the net OPEB liability during the year ended September 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

<u>Year ended December 31:</u>	
2022	\$ 6,804
2023	9,464
2024	4,333
2025	-
2026	-
Thereafter	-
	<u>\$ 20,601</u>

NOTE 9: COMMITMENTS AND CONTINGENCIES

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.

NOTE 10: FEDERAL SOURCE REVENUES

The federal grant funds received from the U.S. Department of the Treasury are related to coronavirus relief. These grant funds have been awarded and accounted for by the County.

NOTE 11: DEFICIT FUND BALANCES

There are two major funds with deficit fund balances as of September 30, 2022: Road and Bridges Precinct #1 (\$86,554), and Road and Bridges Precinct #4 (\$236,327). Transfers from the general fund are available to eliminate the deficit balances.

SHACKELFORD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 12: PRIOR PERIOD ADJUSTMENTS

The County identified several misstatements in its previously issued financial statements that resulted in the following prior period adjustments reported in both the fund level and government wide financial statements:

Fund level prior period adjustments:	General Fund	Road & Bridge Precinct # 1	Road & Bridge Precinct # 2	Road & Bridge Precinct # 3	Road & Bridge Precinct # 4	Nonmajor Governmental Funds	Net Prior Period Adjustment
(1) To write off old accounts payable balances that do not represent current liabilities of the County or its funds.	\$ 39,690	\$ -	\$ -	\$ 36,000	\$ (2,038)	\$ 88,411	\$ 162,063
(2) To write off various cash and prepaid asset balances that do not represent current assets of the County or its funds.	102,009	(15,375)	(10,448)	(15,022)	(17,321)	(14,169)	29,674
(3) To correct the County's accounting for its ARPA Covid Relief Grant so that revenues are earned when spent.	-	-	-	-	-	(317,094)	(317,094)
(4) To allocate the expenses related to the County's accrual for payroll liabilities to applicable prior periods.	(26,695)	-	-	-	-	-	(26,695)
(5) To correct the County's implementation of GASB 87 as it pertains to the County's lease receivables and deferred inflows	1,703	-	-	-	-	-	1,703
Total prior period effect in fund financial statements:	\$ 116,707	\$ (15,375)	\$ (10,448)	\$ 20,978	\$ (19,359)	\$ (242,852)	\$ (150,349)
<u>Government-wide prior period adjustments:</u>							
(6) To correct the County's implementation of GASB 87 related to the County's lease liabilities and right to use leased assets.							\$ 11,399
(7) To correct the presentation of the County's bond refunding transaction from the fiscal year ended September 30, 2021.							(264,024)
(8) To correct the County's opening balances for its total OPEB liability and net pension liability.							(16,454)
Total prior period effect in government-wide financial statements							(269,079)
Net effect of prior period adjustments as seen on the statement of changes in net position							\$ (419,428)

NOTE 13: SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 25, 2024, the date which the financial statements were available for issue and found nothing pertinent to disclose.

REQUIRED SUPPLEMENTARY INFORMATION

SHACKELFORD COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL COMPARISON – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance from Budget Favorable (Unfavorable)
REVENUES			
Taxes	\$ 3,256,127	\$ 3,381,808	\$ 125,681
Licenses, fines, and fees	364,925	816,599	451,674
Investment earnings	15,000	45,135	30,135
Grant income	6,500	63,025	56,525
Total revenues	3,642,552	4,306,567	664,015
EXPENDITURES			
Current:			
General administrative	688,200	900,745	(212,545)
Judicial	538,555	569,431	(30,876)
Public safety	1,167,665	1,235,169	(67,504)
Agriculture extension service	65,092	54,550	10,542
Facilities	679,588	490,413	189,175
Non-departmental	51,600	58,570	(6,970)
Elections	36,100	34,400	1,700
Debt service			
Principal	-	174,000	(174,000)
Interest and fiscal charges	-	15,822	(15,822)
Total expenditures	3,226,800	3,533,100	(306,300)
EXCESS OF REVENUE OVER EXPENDITURES	415,752	773,467	357,715
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(320,000)	(63,928)	256,072
Total other financing sources (uses)	(320,000)	(63,928)	256,072
NET CHANGE IN FUND BALANCE	95,752	709,539	613,787
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	6,554,018	6,554,018	-
FUND BALANCES AT END OF YEAR	\$ 6,649,770	\$ 7,263,557	\$ 613,787

SHACKELFORD COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL COMPARISON – ROAD AND BRIDGE PRECINCT #1
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance from Budget Favorable (Unfavorable)
REVENUES			
Licenses, fines, and fees	\$ 71,213	\$ 78,420	\$ 7,207
Investment earnings	-	28	28
Miscellaneous	-	350	350
Total revenues	71,213	78,798	7,585
EXPENDITURES			
Current:			
Public transportation	173,301	173,497	(196)
Debt service:			
Principal	19,631	19,236	395
Interest and fiscal charges	5,409	5,409	-
Total expenditures	198,341	198,142	199
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(127,128)	(119,344)	7,784
OTHER FINANCING SOURCES			
Transfers in	80,000	81,946	1,946
Total other financing sources	80,000	81,946	1,946
NET CHANGE IN FUND BALANCES	(47,128)	(37,398)	9,730
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	(49,156)	(49,156)	-
FUND BALANCES AT END OF YEAR	\$ (96,284)	\$ (86,554)	\$ 9,730

SHACKELFORD COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL COMPARISON – ROAD AND BRIDGE PRECINCT #2
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance from Budget Favorable (Unfavorable)
REVENUES			
Licenses, fines, and fees	\$ 64,996	\$ 71,365	\$ 6,369
Total revenues	64,996	71,365	6,369
EXPENDITURES			
Current:			
Public transportation	163,628	149,765	13,863
Capital Outlay	-	70,800	(70,800)
Debt service:			
Principal	26,097	25,039	1,058
Interest and fiscal charges	5,903	5,903	-
Total expenditures	195,628	251,507	(55,879)
EXCESS DEFICIENCY OF REVENUE OVER EXPENDITURES	(130,632)	(180,142)	(49,510)
OTHER FINANCING SOURCES			
Transfers in	80,000	152,475	72,475
Total other financing sources	80,000	152,475	72,475
NET CHANGE IN FUND BALANCES	(50,632)	(27,667)	22,965
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	87,503	87,503	-
FUND BALANCES AT END OF YEAR	\$ 36,871	\$ 59,836	\$ 22,965

SHACKELFORD COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL COMPARISON – ROAD AND BRIDGE PRECINCT #3
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance from Budget Favorable (Unfavorable)
REVENUES			
Licenses, fines, and fees	\$ 92,168	\$ 100,879	\$ 8,711
Miscellaneous	-	800	800
Total revenues	92,168	101,679	9,511
EXPENDITURES			
Current:			
Public transportation	185,814	163,412	22,402
Capital Outlay	-	10,646	(10,646)
Debt service:			
Principal	21,332	18,337	2,995
Interest and fiscal charges	3,568	3,568	-
Total expenditures	210,714	195,963	14,751
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(118,546)	(94,284)	24,262
OTHER FINANCING SOURCES (USES)			
Insurance proceeds	-	61,000	61,000
Transfers in (out)	80,000	73,624	(6,376)
Total other financing sources (uses)	80,000	134,624	54,624
NET CHANGE IN FUND BALANCES	(38,546)	40,340	78,886
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	296,609	296,609	-
FUND BALANCES AT END OF YEAR	\$ 258,063	\$ 336,949	\$ 78,886

SHACKELFORD COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL COMPARISON – ROAD AND BRIDGE PRECINCT #4
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance from Budget Favorable (Unfavorable)
REVENUES			
Licenses and fees	\$ 96,281	\$ 105,957	\$ 9,676
Investment earnings	-	368	368
Miscellaneous	-	25	25
Total revenues	96,281	106,350	10,069
EXPENDITURES			
Current:			
Public transportation	265,551	282,255	(16,704)
Debt service:			
Principal	20,028	21,633	(1,605)
Interest and fiscal charges	7,051	7,051	-
Total expenditures	292,630	310,939	(18,309)
DEFICIENCY OF REVENUE OVER EXPENDITURES	(196,349)	(204,589)	(8,240)
OTHER FINANCING SOURCES			
Transfers in	80,000	91,760	11,760
Total other financing sources	80,000	91,760	11,760
NET CHANGE IN FUND BALANCES	(116,349)	(112,829)	3,520
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	(123,498)	(123,498)	-
FUND BALANCES AT END OF YEAR	\$ (239,847)	\$ (236,327)	\$ 3,520

SHACKELFORD COUNTY, TEXAS
NOTES TO BUDGETARY SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE A: BUDGETARY INFORMATION

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the County Judge with the assistance of the County Treasurer's Office and approved by the Commissioners' Court following a public hearing. The County maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's governing body and, as such, is a good management control device.

The budget law of the State of Texas provides that "the amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor." In addition, the law provides that the Commissioners' Court "may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget."

The County's legal level of control for appropriations is at the category level (i.e., salaries and fringe benefits, contract services, general operating, etc.) for each department/project within the general fund. Administrative control is maintained through the establishment of more detailed accounts within each category. Appropriation transfers and budget increases may be made between categories or departments only with the approval of the Commissioners' Court. The original budgets presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers and increases processed during the fiscal year.

No total Fund expenditures exceeded budgeted amounts other than the following:

- Overall County budget:
 - The County does not include line items for debt service in the General Fund
 - The County excludes Capital Outlay from the annual budgets when funds for capital outlay come from grant funding or another source outside of the County's revenue streams.
- General Fund:
 - Overages in general and administrative expenditures is due to operating expenses of the Tax Assessor Collector's office that do not fall under the budget procedures of the Commissioner's Court recorded in the General Fund.
 - Overages in judicial and public safety expenditures is due to timing of insurance premium payments where premiums paid in prior periods are expensed under GAAP in the 2022 fiscal year.
- Road & Bridge Precinct #1:
 - Overage in transportation expenditures is due to timing of insurance premium payments where premiums paid in prior periods are expensed under GAAP in the 2022 fiscal year.
- Road & Bridge Precinct #4:
 - Overage in transportation expenditures is due to timing of insurance premium payments where premiums paid in prior periods are expensed under GAAP in the 2022 fiscal year.

SHACKELFORD COUNTY, TEXAS
SCHEDULE OF CHANGE IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE LAST EIGHT FISCAL YEARS

	December 31,									
	Year Ended 2021	Year Ended 2020	Year Ended 2019	Year Ended 2018	Year Ended 2017	Year Ended 2016	Year Ended 2015	Year Ended 2014		
Total Pension Liability										
Service cost	\$ 245,614	\$ 239,426	\$ 194,757	\$ 200,787	\$ 189,868	\$ 189,925	\$ 190,682	\$ 177,804		
Interest on total pension liability	692,782	677,764	651,760	623,846	581,821	538,994	513,596	482,591		
Effect of plan changes	-	-	-	-	-	-	(21,180)	-		
Effect of assumption changes or inputs	(47,969)	442,102	-	-	70,210	-	73,814	-		
Effect of economic/demographic (gains) or losses	54,874	(98,141)	(86,656)	(36,117)	22,487	18,432	(133,221)	(66,829)		
Benefit payments/refunds of contributions	(547,823)	(491,123)	(476,122)	(401,097)	(313,566)	(317,119)	(252,077)	(234,078)		
Net change in total pension liability	397,478	770,028	283,739	387,419	550,820	430,232	371,614	359,488		
Total pension liability, beginning	9,138,840	8,368,812	8,085,073	7,697,654	7,146,834	6,716,602	6,344,988	5,985,500		
Total pension liability, ending (a)	\$ 9,536,318	\$ 9,138,840	\$ 8,368,812	\$ 8,085,073	\$ 7,697,654	\$ 7,146,834	\$ 6,716,602	\$ 6,344,988		
Fiduciary Net Position										
Employer contributions	\$ 245,900	\$ 239,981	\$ 211,929	\$ 200,249	\$ 181,545	\$ 170,200	\$ 181,075	\$ 264,991		
Member contributions	102,822	98,932	94,852	88,438	85,347	82,966	81,429	79,115		
Investment income net of investment expenses	1,863,519	819,051	1,144,312	(135,830)	926,077	440,398	(101,542)	373,465		
Benefit payments/refunds of contributions	(547,823)	(491,123)	(476,122)	(401,097)	(313,566)	(317,119)	(252,077)	(234,078)		
Administrative expenses	(5,543)	(6,284)	(6,044)	(5,596)	(4,804)	(4,783)	(4,317)	(4,493)		
Other	(3,276)	(3,718)	(4,693)	(2,623)	(670)	29,914	(12,157)	(35,152)		
Net change in fiduciary net position	1,655,599	656,839	964,234	(256,459)	873,929	401,576	(107,589)	443,848		
Fiduciary net position, beginning	8,588,194	7,931,355	6,967,121	7,223,580	6,349,651	5,948,075	6,055,664	5,611,816		
Fiduciary net position, ending (b)	\$ 10,243,793	\$ 8,588,194	\$ 7,931,355	\$ 6,967,121	\$ 7,223,580	\$ 6,349,651	\$ 5,948,075	\$ 6,055,664		
Net pension liability / (asset), ending = (a) - (b)	\$ (707,475)	\$ 550,646	\$ 437,457	\$ 1,117,952	\$ 474,074	\$ 797,183	\$ 768,527	\$ 289,324		
Fiduciary net position as a percentage of total pension liability (asset)	107.42%	93.97%	94.77%	86.17%	93.84%	88.85%	88.56%	95.44%		
Pensionable covered payroll	\$ 1,468,888	\$ 1,413,313	\$ 1,355,035	\$ 1,263,400	\$ 1,219,242	\$ 1,185,234	\$ 1,163,267	\$ 1,130,217		
Net pension liability (asset) as a percentage of covered payroll	-48.16%	38.96%	32.28%	88.49%	38.88%	67.26%	66.07%	25.60%		

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 available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

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

Year Ending December 31,	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a Percentage of Covered Payroll
2006	\$ 58,865	\$ 58,865	\$ -	\$ 799,802	7.4%
2007	130,916	130,916	-	852,872	15.4%
2008	178,171	253,171	(75,000)	924,602	27.4%
2009	197,042	272,042	(75,000)	1,058,794	25.7%
2010	187,775	286,110	(98,335)	1,095,539	26.1%
2011	173,694	173,694	-	1,093,784	15.9%
2012	161,309	161,309	-	1,048,142	15.4%
2013	177,729	178,269	(540)	1,073,894	16.6%
2014	191,459	264,992	(73,533)	1,130,217	23.4%
2015	179,608	181,075	(1,467)	1,163,267	15.6%
2016	170,200	170,200	-	1,185,234	14.4%
2017	181,545	181,545	-	1,219,242	14.9%
2018	200,249	200,249	-	1,263,400	15.9%
2019	211,928	211,928	-	1,355,035	15.6%
2020	239,981	239,981	-	1,413,313	17.0%
2021	213,576	245,900	(32,324)	1,468,888	16.7%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

If additional assistance is needed, please contact TCDRS

(2) Payroll is calculated based on contributions as reported to TCDRS.

SHACKELFORD COUNTY, TEXAS
NOTES TO TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE B: NET PENSION LIABILITY (ASSET) – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

Notes to Schedule

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.9 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Long-term expected Investment Rate of Return	7.5%, net of administrative and investment expenses, including inflation
Salary Increases	Varies by age and service. 4.7% average over career, 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 services retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and methods reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.

Changes in Plan Provisions

Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected 2016: No changes in plan provisions were reflected 2017: New mortality assumptions were reflected, and new Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected 2019: No changes in plan provisions were reflected 2020: No changes in plan provisions were reflected 2021: No changes in plan provisions were reflected
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SHACKELFORD COUNTY, TEXAS
SCHEDULE OF CHANGE IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE LAST FIVE FISCAL YEARS

December 31,	Year Ended 2021	Year Ended 2020	Year Ended 2019	Year Ended 2018	Year Ended 2017
Total OPEB Liability					
Service cost	\$ 5,063	\$ 7,566	\$ 2,820	\$ 3,021	\$ 2,115
Interest on total OPEB liability	3,213	3,608	4,034	3,733	3,951
Effect of assumption changes or inputs	2,720	16,422	26,217	(11,090)	4,680
Effect of economic/demographic (gains) or losses	2,535	(1,327)	(562)	(2,260)	(4,620)
Benefit payments/refunds of contributions	(3,525)	(4,240)	(3,659)	(3,032)	(3,048)
Net change in total OPEB liability	10,006	22,029	28,850	(9,628)	3,078
Total OPEB liability, beginning	148,250	126,221	97,371	106,999	103,921
Total OPEB liability, ending	\$ 158,256	\$ 148,250	\$ 126,221	\$ 97,371	\$ 106,999
Pensionable covered payroll	\$ 1,468,888	\$ 1,413,313	\$ 1,355,035	\$ 1,263,400	\$ 1,219,242
Total OPEB liability as a percentage of covered payroll	10.77%	10.49%	9.31%	7.71%	8.78%

Only five years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

SHACKELFORD COUNTY, TEXAS
NOTES TO TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Notes to Schedule

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Salary increase rates used in valuation are based on entry age and years of service and range from 0.40% to 5.25%.
Investment Rate of Return (Discount Rate)	2.06% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2021.
Cost of Living Adjustment	Does not apply
Disability	The rates of disability used in the valuation are based on TCDRS experience, and are between 0.00% and 0.198% based on age, gender, and cause of disability.
Mortality	Depositing members, service retirees, beneficiaries, and non-depositing members mortality rates are 135% of Pub-2010 General Employees Amount-Weighted Mortality table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Disabled retirees members mortality rates are 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Service Retirement rates used in the valuation are based on TCDRS experience, and vary between 5.3% and 27.5% depending on age and gender.
Other Termination of Employment	The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

(Combining statements are broken down by non-major governmental funds so that portions of the combining balance sheet and portions of the combining statement of revenues, expenditures, and changes in fund balance are shown on the same page, for ease of readability)

SHACKELFORD COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS' COMBINING BALANCE SHEET
SEPTEMBER 30, 2022

	County Clerk Records Management	Courthouse Security	District Clerk Records Management	BVS
ASSETS				
Pooled cash and cash equivalents	\$ 95,330	\$ 64,974	\$ 12,355	\$ 5,057
Due from other funds	47,970	15,909	4,366	623
Total assets	<u>\$ 143,300</u>	<u>\$ 80,883</u>	<u>\$ 16,721</u>	<u>\$ 5,680</u>
LIABILITIES				
Unearned revenue	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
FUND BALANCES				
Assigned	143,300	80,883	16,721	5,680
Total fund balance	<u>143,300</u>	<u>80,883</u>	<u>16,721</u>	<u>5,680</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 143,300</u>	<u>\$ 80,883</u>	<u>\$ 16,721</u>	<u>\$ 5,680</u>

SHACKELFORD COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS'
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	County Clerk Records Management	Courthouse Security	District Clerk Records Management	BVS
REVENUES				
Licenses and fees	\$ -	\$ 95	\$ -	\$ -
Investment earnings	671	1,534	62	32
Grant income	-	-	-	-
Total revenues	671	1,629	62	32
EXPENDITURES				
Current:				
General administrative	890	10,002	-	-
Capital outlay	-	129,233	-	-
Total expenditures	890	139,235	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(219)	(137,606)	62	32
OTHER FINANCING SOURCES				
Transfers in (out)	12,457	6,633	796	97
Total other financing sources (uses)	12,457	6,633	796	97
NET CHANGE IN FUND BALANCES	12,238	(130,973)	858	129
FUND BALANCES AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	57,020	211,856	15,863	5,551
PRIOR PERIOD ADJUSTMENT	74,042	-	-	-
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	131,062	211,856	15,863	5,551
FUND BALANCES AT END OF YEAR	<u>\$ 143,300</u>	<u>\$ 80,883</u>	<u>\$ 16,721</u>	<u>\$ 5,680</u>

SHACKELFORD COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS' COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2022

	County Clerk Archive	General Records Management	District Clerk Archive	Court Records Preservation	JP Technology
ASSETS					
Pooled cash and cash equivalents	\$ 139,934	\$ 18,262	\$ 6,719	\$ 10,347	\$ 24,954
Due from other funds	112,196	7,117	32,649	2,833	7,183
Total assets	<u>\$ 252,130</u>	<u>\$ 25,379</u>	<u>\$ 39,368</u>	<u>\$ 13,180</u>	<u>\$ 32,137</u>
LIABILITIES					
Unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
FUND BALANCES					
Assigned	252,130	25,379	39,368	13,180	32,137
Total fund balance	<u>252,130</u>	<u>25,379</u>	<u>39,368</u>	<u>13,180</u>	<u>32,137</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 252,130</u>	<u>\$ 25,379</u>	<u>\$ 39,368</u>	<u>\$ 13,180</u>	<u>\$ 32,137</u>

SHACKELFORD COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS'
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	County Clerk Archive	General Records Management	District Clerk Archive	Court Records Preservation	JP Technology
REVENUES					
Licenses and fees	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	900	120	45	66	134
Grant income	-	-	-	-	-
Total revenues	900	120	45	66	134
EXPENDITURES					
Current:					
General administrative	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	900	120	45	66	134
OTHER FINANCING SOURCES					
Transfers in (out)	12,400	381	230	668	3,461
Total other financing sources (uses)	12,400	381	230	668	3,461
NET CHANGE IN FUND BALANCES	13,300	501	275	734	3,595
FUND BALANCES AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	238,830	24,878	39,093	12,446	27,692
PRIOR PERIOD ADJUSTMENT	-	-	-	-	850
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	238,830	24,878	39,093	12,446	28,542
FUND BALANCES AT END OF YEAR	<u>\$ 252,130</u>	<u>\$ 25,379</u>	<u>\$ 39,368</u>	<u>\$ 13,180</u>	<u>\$ 32,137</u>

SHACKELFORD COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS' COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2022

	Sheriff Seizure	Sheriff Commissary	TDME Grant	CLFRF Grant	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 9,944	\$ 31,762	\$ 42,846	\$ 518,321	\$ 980,805
Due from other funds	159	-	-	-	231,005
Total assets	<u>\$ 10,103</u>	<u>\$ 31,762</u>	<u>\$ 42,846</u>	<u>\$ 518,321</u>	<u>\$ 1,211,810</u>
LIABILITIES					
Unearned revenue	\$ -	\$ -	\$ -	\$ 515,181	\$ 515,181
Total liabilities	-	-	-	515,181	515,181
FUND BALANCES					
Assigned	10,103	31,762	42,846	3,140	696,629
Total fund balance	<u>10,103</u>	<u>31,762</u>	<u>42,846</u>	<u>3,140</u>	<u>696,629</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,103</u>	<u>\$ 31,762</u>	<u>\$ 42,846</u>	<u>\$ 518,321</u>	<u>\$ 1,211,810</u>

SHACKELFORD COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS'
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Sheriff Seizure	Sheriff Commissary	TDME Grant	CLFRF Grant	Total Nonmajor Governmental Funds
REVENUES					
Licenses and fees	\$ -	\$ -	\$ -	\$ -	\$ 95
Investment earnings	-	-	255	3,140	6,959
Grant income	-	-	-	119,007	119,007
Total revenues	-	-	255	122,147	126,061
EXPENDITURES					
Current:					
General administrative	-	-	-	-	10,892
Capital outlay	-	-	-	48,207	177,440
Total expenditures	-	-	-	48,207	188,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	255	73,940	(62,271)
OTHER FINANCING SOURCES					
Transfers in (out)	-	-	-	(70,800)	(33,677)
Total other financing sources (uses)	-	-	-	(70,800)	(33,677)
NET CHANGE IN FUND BALANCES	-	-	255	3,140	(95,948)
FUND BALANCES AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	8,161	20,185	56,760	317,094	1,035,429
PRIOR PERIOD ADJUSTMENT	1,942	11,577	(14,169)	(317,094)	(242,852)
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	10,103	31,762	42,591	-	792,577
FUND BALANCES AT END OF YEAR	<u>\$ 10,103</u>	<u>\$ 31,762</u>	<u>\$ 42,846</u>	<u>\$ 3,140</u>	<u>\$ 696,629</u>