

Lubbock County, Texas

2022 Commissioner's Court Presentation

PRESENTED BY

TYLER CANADY

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS



Presentation Overview

- AUDITOR'S OPINION
- STATEMENT OF NET POSITION
- STATEMENT OF ACTIVITIES - REVENUES
- STATEMENT OF ACTIVITIES - EXPENSES
- FUND BALANCE – GOVERNMENTAL FUNDS
- GOVERNMENTAL FUNDS – REVENUE SOURCES
- GOVERNMENTAL FUNDS – EXPENDITURES BY FUNCTION
- OTHER IMPORTANT NOTES
- OTHER REPORTS AND INFORMATION

Auditor's Opinion 2022

- **AUDITOR'S OPINION 2022**
 - Unmodified Opinion
- **RESPONSIBILITIES**
 - Management vs. Auditor's
- **CHANGES TO AUDITING STANDARDS**
 - New Opinion Format in 2022

Statement of Net Position (in thousands)

	2022	2021	Change
Assets:			
Cash and Investments	\$ 186,218	\$ 174,330	\$ 11,888
Receivables	10,845	11,469	(624)
Other Assets	19,356	188	19,168
Capital and Right of Use Assets	166,655	154,340	12,315
Total Assets	\$ 383,074	\$ 340,327	\$ 42,747
Deferred Outflows of Resources	\$ 24,232	\$ 28,258	\$ (4,026)
Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 11,935	\$ 50,870	\$ (38,935)
Long Term Liabilities	119,666	127,382	(7,716)
Total Liabilities	\$ 131,601	\$ 178,252	\$ (46,651)
Deferred Inflows of Resources	\$ 72,088	\$ 13,632	\$ 58,456
Net Position:			
Invested in Capital Assets	\$ 139,944	\$ 127,351	\$ 12,593
Restricted	2,839	2,838	1
Unrestricted	60,834	46,512	14,322
	\$ 203,617	\$ 176,701	\$ 26,916

Increase in Net Position of \$26,916 with an increase of \$12,593 in the investment in Capital Assets – Outlay for the year was \$23,152 with Depreciation of \$11,203. Unrestricted Net Position increased \$14,322 comprising mostly of increased Property and Sales Tax Revenues of \$11,107 combined with decreased expenses related to Judicial and Transportation in the amount of \$7,999. Judicial – expenditures decrease \$5,826 due to removing RPDO from under county reporting. Transportation - Consolidated Road and Bridge Fund expenditures decreased by 1,576.

Statement of Activities – Revenues (in thousands)

	2022	2021	Change
Revenues:			
Program Revenues			
Charges for Services	\$ 24,613	\$ 26,131	\$ (1,518)
Operating Grants and Contributions	39,121	5,945	33,176
Capital Grants and Contributions	1,597	952	645
General Revenues			
Property Taxes	84,720	77,119	7,601
Sales Taxes	34,751	31,244	3,507
Investment Earnings	(4,157)	160	(4,317)
Other Taxes and Revenues	5,696	5,015	681
	\$ <u>186,341</u>	\$ <u>146,566</u>	\$ <u>39,775</u>

Operating grants and contributions increased from the prior year due to using ARPA funds in 2022. Property taxes were up in 2022 due to increased valuations and slight increase in the tax rate of approx. \$0.02 per \$100 of valuation. The total levy was \$77,784 in 2021 and \$87,359 in 2022. Total Valuations were \$23,708,549 in 2021 and 25,372,577 in 2022. Sales Tax revenues across Texas and South Plains are up in general and generally are economy related. Investment earnings are negative due to the “fair market value” adjustments at year end.

Statement of Activities – Expenses (in thousands)

	2022	2021	Change
Expenses:			
General Government	\$ 42,089	\$ 14,576	\$ 27,513
Financial Administration	4,477	4,640	(163)
Judicial	12,976	18,605	(5,629)
Legal	9,022	9,175	(153)
Public Safety	57,432	53,755	3,677
Correctional	8,309	8,537	(228)
Facilities	7,646	7,352	294
Welfare	1,167	697	470
Conservation	290	271	19
Elections	5,145	2,287	2,858
Culture/Recreation	569	788	(219)
Transportation	8,307	10,676	(2,369)
Interest on Long-Term Debt	1,996	2,581	(585)
	\$ 159,425	\$ 133,940	\$ 25,485

Expenses were up in General Government due to the classification of ARPA expenditures (Major Federal Program) – approx. \$28,670 in 2022 vs. \$0 in 2021. Judicial expenses are down due to removing RPDO from underneath the Lubbock County reporting umbrella. Public Safety is up due to the budgeted pay increases as referenced in the County budget. Transportation is down due to decreased Road and Bridge expenses in 2022 vs. 2021. Election expenses are up due to getting ready for the 2022 elections and expenses related to the HAVA grant – State Major Program.

Fund Balance – Governmental Funds (in thousands)

	2022	2021	Change
Nonspendable	\$ 96	\$ 188	\$ (92)
Restricted	90,520	83,892	6,628
Committed	12,775	12,775	
Assigned	1,198	875	323
Unassigned	35,891	31,581	4,310
Total Fund Balance	\$ 140,480	\$ 129,311	\$ 11,169

Increases amongst all governmental funds is driven by the general fund which increased it's fund balance \$4,540. Special revenue funds are driving the increase in restricted fund balances the largest being Juvenile Probation Fund and HOT/STVR Tax Fund with increases in fund balance of \$2,427 and \$2,045 , respectively.

Governmental Funds –Revenue Sources *(in thousands)*

	2022	2021	Change
Property, Sales and Other Tax Revenue	\$ 123,440	\$ 110,463	\$ 12,977
Charges for Services and Other Fees	22,116	22,484	(368)
Grants and Contributions	45,083	12,715	32,368
Investments and Other Revenues	(4,157)	260	(4,417)
Total Revenues	\$ 186,482	\$ 145,922	\$ 40,560

Taxes are up due to increased valuations and tax rate in 2022 vs. 2021 as well as increase in sales taxes due to the State and South Plains economies. Grants and Contributions are up due to ARPA funds revenue that was recognized in 2022 where none was recognized in 2021. Investment earnings are down due to the “FMV” adjustment end of year.

Governmental Funds – Expenditures by Function (in thousands)

	2022	2021	Change
General Government	\$ 40,196	\$ 12,069	\$ 28,127
Financial Administration	4,683	4,489	194
Judicial and Legal	23,392	28,537	(5,145)
Public Safety	54,110	47,424	6,686
Correctional	9,094	8,024	1,070
All Other Functions	20,634	18,467	2,167
Debt Service	9,846	10,287	(441)
Capital Outlay	23,152	14,957	8,195
Total Expenditures	\$ 185,107	\$ 144,254	\$ 40,853

Expenditures are up in 2022 due to expending the previously deferred revenue related to the ARPA grant program, \$28,670 in 2022 vs. \$0 in 2021. Judicial is down due to derecognizing the RPDO from the County's records, they are legally a separate organization. Public Safety is up due to the payrate increases as referenced in the County budget. Capital Outlay is up \$8,195 from 2021 due to ongoing road projects.

Other Important Notes

- ISSUED REFUNDING BONDS DURING 2022
- NEW JOHNSON CONTROL LEASE – BUILDING PROJECTS/MAINTENANCE
- SUBSEQUENT EVENT
 - Nov 2022 – Approved the Issuance of Tax Road Bonds
 - Mature in 2040
 - Rates from 4.00% to 5.00%
- ADOPTED LEASES DURING THE YEAR GASB STATEMENT NO. 87

Other Reports and Information

Internal Control Over Financial Reporting and On Compliance (*Government Auditing Standards*)

- No Material Weaknesses or Significant Deficiencies Identified
- No issues found from compliance testing – non grant related (Bond Covenants, PFIA, Etc.)

SAS 114 Letter – Letter to Governance at the Conclusion of an Audit

- County adopted GASB Statement No. 87 - *Leases*
- No disagreements with Management
- Records appeared to be in good shape based on the audit.
- Accounting staff was very knowledgeable and integral to the writing of the audit report.

Nonattest Services Provided

- Drafting the financial statements

***QUESTIONS OR INPUT?
THANK YOU!***

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