

**COOKE, FANNIN
AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2022**

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cooke, Fannin and Grayson County
Juvenile Detention Center
Denison, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cooke, Fannin and Grayson County Juvenile Detention Center (the "Center"), as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

OFFICE LOCATIONS

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2023, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

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

Waco, Texas
June 1, 2023

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Cooke, Fannin and Grayson County Juvenile Detention Center, we offer readers of the Center's financial statements this narrative overview and analysis of the financial activities of the Center for the fiscal year ended September 30, 2022.

FINANCIAL HIGHLIGHTS

- The Center is a joint venture established under an interlocal agreement between the three participating counties (Participants) dated July 13, 1983. The Center provides detention and diagnostic services for juveniles under the jurisdiction of the Participants and is available to other entities on a fee basis. All costs associated with the Center after applicable charges and grants are shared by the Participants as follows: Cooke, 20%; Fannin, 20%; Grayson, 60%.
- The General Fund of the Center is used to fund daily operations. At the end of each fiscal year, it is desired to maintain a balance of \$20,000 in the General Fund. The fund balance at year-end was \$20,000.
- The liabilities and deferred inflows of resources of the Center exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$160,859 (net position). Of this amount, (\$407,109) was listed as unrestricted net position.
- The Center's total net position increased \$62,002.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the Center's basic financial statements. The Center's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Center's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the Center's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position.

The Statement of Activities presents information showing how the Center's net position changed during the 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 the statement for some items that will only result in cash flows in future fiscal periods. All revenues provided to the Center came from fees earned from other entities, and charges to the Participant counties.

The government-wide financial statements can be found on pages 7 – 8 of this report.

Fund Financial Statements

The Center adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund as part of the required supplementary information to demonstrate compliance with this budget.

The Center's governmental fund financial statements can be found on pages 9 – 12 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 immediately following the basic financial statements on pages 13 – 24 of this report.

Other Information

In addition to the basic financial statements and accompany notes, this report also presents certain compliance information relating to internal controls.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far, the largest portion of the Center’s net position, \$246,250 reflects its investment in capital assets (e.g., buildings, improvements, and equipment). The Center uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

COOKE, FANNIN AND GRAYSON COUNTY JUVENILE DETENTION CENTER’S NET POSITION

	Governmental Activities	
	2022	2021
Current and other assets	\$ 75,481	\$ 97,245
Net pension asset	216,088	-
Capital assets	<u>246,250</u>	<u>286,599</u>
Total assets	<u>537,819</u>	<u>383,844</u>
Deferred outflows of resources	<u>198,084</u>	<u>282,883</u>
Total liabilities	<u>311,614</u>	<u>729,782</u>
Deferred inflows of resources	<u>585,148</u>	<u>159,806</u>
Net position:		
Net investment in capital assets	246,250	286,599
Unrestricted	<u>(407,109)</u>	<u>(509,460)</u>
Total net position	<u>\$(160,859)</u>	<u>\$(222,861)</u>

Governmental Activities

Governmental activities increased the Center's net position by \$62,002. Changes in net position are summarized as follows:

COOKE, FANNIN AND GRAYSON COUNTY JUVENILE DETENTION CENTER'S CHANGES IN NET POSITION

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 984,653	\$ 1,069,867
Total revenues	<u>984,653</u>	<u>1,069,867</u>
Expenses:		
Public safety	<u>922,651</u>	<u>1,115,137</u>
Total expenses	<u>922,651</u>	<u>1,115,137</u>
Change in net position	62,002	(45,270)
Net position, beginning	(222,861)	(177,591)
Net position, ending	\$ (160,859)	\$ (222,861)

COOKE, FANNIN AND GRAYSON COUNTY JUVENILE DETENTION CENTER'S CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2022	2021
Buildings and improvements	\$ 230,433	\$ 276,803
Machinery and equipment	<u>15,817</u>	<u>9,796</u>
Total capital assets	<u>\$ 246,250</u>	<u>\$ 286,599</u>

Additional information regarding the Center's capital assets can be found in on pages 17 and 18 of the Notes to the Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Cooke, Fannin and Grayson County Juvenile Detention Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Grayson County Auditor, 100 West Houston Street, Sherman, Texas 75090.

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**BASIC
FINANCIAL STATEMENTS**

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	<u>Primary Government Governmental Activities</u>
ASSETS	
Accounts receivable	\$ 75,481
Net pension asset	216,088
Capital assets:	
Buildings and improvements, net	230,433
Machinery and equipment, net	<u>15,817</u>
Total assets	<u>537,819</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	152,675
Deferred outflows related to OPEBs	<u>45,409</u>
Total deferred outflows of resources	<u>198,084</u>
LIABILITIES	
Intergovernmental liability	16,222
Accounts payable	7,548
Accrued liabilities	31,711
Noncurrent liabilities:	
Due within one year:	
Total OPEB liability	15,147
Due within more than one year:	
Total OPEB liability	<u>240,986</u>
Total liabilities	<u>311,614</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	461,716
Deferred inflows related to OPEB	<u>123,432</u>
Total deferred inflows of resources	<u>585,148</u>
NET POSITION	
Net investment in capital assets	246,250
Unrestricted	<u>(407,109)</u>
Total net position	<u>\$(160,859)</u>

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenue	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Primary Governmental Activities
Primary government			
Governmental activities:			
Public safety	\$ <u>922,651</u>	\$ <u>984,653</u>	\$ <u>62,002</u>
Total governmental activities	<u>922,651</u>	<u>984,653</u>	<u>62,002</u>
 Total primary government	 \$ <u><u>922,651</u></u>	 \$ <u><u>984,653</u></u>	 62,002
			62,002
			(<u>222,861</u>)
			\$ (<u><u>160,859</u></u>)

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

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

BALANCE SHEET

GOVERNMENTAL FUND

SEPTEMBER 30, 2022

	<u>General</u>
ASSETS	
Accounts receivable	\$ <u>75,481</u>
Total assets	<u>75,481</u>
LIABILITIES	
Intergovernmental liability	16,222
Accounts payable	7,548
Accrued liabilities	<u>31,711</u>
Total liabilities	<u>55,481</u>
FUND BALANCE	
Unassigned	<u>20,000</u>
Total fund balance	<u>20,000</u>
 Total liabilities and fund balance	 \$ <u>75,481</u>

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Total fund balance - governmental fund balance sheet	\$ 20,000
Amounts reported for governmental activities in the Statement of Net	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.	
Capital assets	1,661,541
Accumulated depreciation	(1,415,291)
The net pension asset and related deferred inflows and outflows used in governmental activities is not a financial resource and therefore is not reported in the governmental fund.	
	(92,953)
Long-term liabilities, including net pension liability and total OPEB liability, are not due and payable in the current period and, therefore, are not reported in the governmental fund.	
	(<u>334,156</u>)
Net position of governmental activities	\$(<u>160,859</u>)

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>
REVENUES	
Intergovernmental revenue	\$ 632,591
Charges for services	<u>352,062</u>
Total revenues	<u>984,653</u>
EXPENDITURES	
Current:	
Public safety	<u>984,653</u>
Total expenditures	<u>984,653</u>
NET CHANGE IN FUND BALANCE	-
FUND BALANCE, BEGINNING	<u>20,000</u>
FUND BALANCE, ENDING	<u>\$ 20,000</u>

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balance - total governmental fund	\$ -
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 should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the current year capital outlays is to increase net position.	11,294
Depreciation is not recognized as an expenditure in the governmental fund since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(51,643)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>102,351</u>
Change in net position of governmental activities	\$ <u>62,002</u>

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cooke, Fannin and Grayson County Juvenile Detention Center (the "Center") conform to generally accepted accounting principles as applicable to governments.

A. Reporting Entity

The Center was established under an interlocal agreement between the three participating counties (Participants) dated July 13, 1983. The Center provides detention and diagnostic services for juveniles under the jurisdiction of the Participants and is available to other entities on a fee basis. The Center was constructed with grant funds and amounts contributed by the three Participants. Grayson County has been recognized as the administrative entity for financial activities, budgetary responsibilities, personnel support and benefits by contract dated October 31, 1983. All costs associated with the Center after applicable charges and grants are shared by the Participants as follows: Cooke, 20%; Fannin, 20%; Grayson, 60%.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of non-fiduciary activities of the primary government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for the governmental fund.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fees from other governments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Center.

Governmental funds are those through which most governmental functions of the Center are financed. The acquisition, use, and balances of the Center's expendable financial resources and the related liabilities are accounted for through one governmental fund, the General Fund. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Fund Accounting

The Center reports the following major governmental fund:

The ***General Fund*** is the Center's primary operating fund. It accounts for all financial resources of the general government.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. The Center defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Improvements	5 - 50
Equipment	5 - 15

Pensions

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense, plan contributions are recognized in the period that contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the Detention Center's proportionate share of the total pension liability is derived from information received from the Texas County and District Retirement System (TCDRS) through a report prepared for Grayson County, Texas by TCERS consulting actuary.

Post-Employment Benefits other than Pensions (OPEB)

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, OPEB expense, benefit payments, and refunds are recognized when due and payable in accordance with benefit terms. Contributions are not required but are measured as payments by the Center for benefits due and payable that are not reimbursed by plan assets. Information regarding the Center's total OPEB liability is obtained from a report prepared by a consulting actuary, Gabriel, Roeder, Smith and Company (GRS).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Center has the following items that qualify for reporting in this category.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions for pension and OPEB – The changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Center has the following items that qualify for reporting in this category.

- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – The difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions for pension and OPEB – The changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Net Position Flow Assumption

In order to calculate the amounts to report as restricted net position and unrestricted net position in the governmental activities, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Center's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Center will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the General Fund a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Center's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Center itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Center's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Center that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors (board) has by resolution authorized the Grayson County Auditor to assign fund balance. Grayson County has been recognized as the administrative entity for financial activities, budgetary responsibilities, personnel support and benefits by contract dated October 31, 1983. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Legal and Contractual Provisions

The funds of the Center must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank deposits for safekeeping and trust with the Center's agent bank approved pledged securities in an amount sufficient to protect Center 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.

Investments are categorized to give an indication of the level of credit risk assumed by the Center. At September 30, 2022, all of the Center's investments are classified as Category I investments (lowest risk category), which are defined as securities held by the Center or its agent in the Center's name. At year-end the Center had no investment securities.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Center to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the Center to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the Center to have independent auditors perform test procedures related to investment practices as provided by the Act. The Center is in substantial compliance with the requirements of the act and with local policies.

Investments for the Center are reported at fair value, except for the position in investment pools. The Center's investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the Center has adopted a deposit and investment policy; however, that policy does not address the following risks:

Custodial Credit Risk – Deposits. This is the risk, that in the event of a bank failure, the Center's deposits may not be returned to it. The Center was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2022, were covered by depository insurance or by pledged collateral held by the Center's agent bank in the Center's name.

Custodial Credit Risk – Investments. This is the risk, that in the event of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form, thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. All of the Center's investments are held in investment pools.

B. Capital Asset Activity

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,619,302	\$ -	\$ -	\$ 1,619,302
Machinery and equipment	<u>30,945</u>	<u>11,294</u>	<u>-</u>	<u>42,239</u>
Total capital assets being depreciated				
depreciated	<u>1,650,247</u>	<u>11,294</u>	<u>-</u>	<u>1,661,541</u>
Less accumulated depreciation:				
Buildings and improvements	1,342,499	46,370	-	1,388,869
Machinery and equipment	<u>21,149</u>	<u>5,273</u>	<u>-</u>	<u>26,422</u>
Total accumulated depreciation	<u>1,363,648</u>	<u>51,643</u>	<u>-</u>	<u>1,415,291</u>
Governmental activities capital				
assets, net	\$ <u>286,599</u>	\$ <u>(40,349)</u>	\$ <u>-</u>	\$ <u>246,250</u>

Depreciation expense was charged to the Center's lone expense function.

C. Defined Benefit Pension Plan

The Center reports a liability, deferred outflows of resources, deferred inflows of resources, and expense as a result of its contractual obligation to contribute to the Texas County and District Retirement System under an agreement with Grayson County (the "County"). The following is information about TCDRS.

Plan Description. TCDRS is a nontraditional cost-sharing multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report that can be obtained at www.tcdrs.org.

Benefits Provided. TCDRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

The Centers' actual contributions for the year ended September 30, 2022, were \$77,477, and were equal to the contractually required contributions.

Center's Proportionate Share of the Net Pension Liability (Asset). The Center reported an asset of \$216,088 as of September 30, 2022, for its proportionate share of the net pension liability. The net pension liability (NPL) was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the NPL was based on the Center's share of contributions to the pension plan relative to the total. At December 31, 2021, the Center's proportion of the collective net pension liability was 2.56%.

As a result of its requirement to contribute to TCDRS, the Center recognized income of \$6,359 for the year ended September 30, 2022. At September 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute to TCDRS:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ 14,987
Change in actuarial assumption	96,470	6,570
Difference between projected and actual investment earnings	-	440,159
Contributions after the measurement date	<u>56,205</u>	<u>-</u>
Total	<u>\$ 152,675</u>	<u>\$ 461,716</u>

Amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Center's proportionate share of the net pension liability in the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources as a result of the Center's requirement to contribute to TCDRS will be recognized in pension expenses as follows:

<u>Year Ended September 30,</u>	
2023	\$(55,275)
2024	(107,420)
2025	(111,231)
2026	(91,320)

Changes in the Center's Proportionate Share of the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Center's Proportionate Share of Total Pension Liability (a)</u>	<u>Center's Proportionate Share of Plan Fiduciary Net Position (b)</u>	<u>Center's Proportionate Share of Net Pension Liability (Asset) (a) - (b)</u>
Balance at 12/31/2020	\$ 3,478,285	\$ 3,213,528	\$ 264,757
Changes for the year:			
Service cost	84,135	-	84,135
Interest on total pension liability ⁽¹⁾	264,204	-	264,204
Effect of economic/demographic gains or losses	(16,147)	-	(16,147)
Effect of assumptions changes or inputs	(8,760)	-	(8,760)
Refund of contributions	(6,705)	(6,705)	-
Benefit payments	(167,739)	(167,739)	-
Administrative expenses	-	(2,079)	2,079
Member contributions	-	31,623	(31,623)
Net investment income	-	698,243	(698,243)
Employer contributions	-	77,477	(77,477)
Other ⁽²⁾	<u>-</u>	<u>(987)</u>	<u>987</u>
Balance at 12/31/2021	<u>\$ 3,627,273</u>	<u>\$ 3,843,361</u>	<u>\$ (216,088)</u>

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

⁽²⁾ Relates to allocation of system-wide items.

Actuarial Assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	7.60%, (Gross of administrative expenses)

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions that determined the total pension liability as of December 31, 2021, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except for mortality assumptions. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2021 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2021.

The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	25.00%	6.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World Ex USA (net) index	5.00%	3.80%
International Equities - Emerging	MSCI Emerging Markets 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% FRSE 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%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U. S. Treasury	2.00%	-1.05%

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

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 cap

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate. The discount rate used to measure the total pension liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Center's proportionate share of the net pension liability (asset)	\$ 258,626	\$(216,088)	\$(614,199)

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

D. Risk Management

The Center provides medical and life insurance for its employees. These benefits are the same benefits offered to all Grayson County employees. Grayson County contracted with Texas Association of Counties to provide these benefits. For additional information relating to employee benefits, please refer to the Grayson County audit report.

E. Other Post-Employment Benefits (OPEB) – Retiree Health Plan

Plan Description. The Center participates in a retiree health plan with Grayson County (the County). For stand-alone reporting purposes of the Center this plan is considered a cost-sharing multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Regular, fulltime employees are eligible to participate in the health care plan as a retiree at a rate that is subsidized by the County. The retiree pays from 35% to 70% of the premium, depending on the plan in which they participate. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service, or if the retiree’s age plus service equals 75. Spouses and dependents of retirees are also eligible.

Benefits and Contributions. When a regular, full-time employee retires they are eligible to continue to participate in the County’s group health insurance plan. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums. The County’s coverage continues as a secondary health care plan. Retirees who decide to opt-out for the health care plan are not eligible to opt back in when coverage from another entity ceases.

Retirees are responsible for payment of premiums for retiree and any dependent coverage. The Center’s share of the County’s contributions to the OPEB for the year ended September 30, 2022, were \$13,602, which equal benefit payments for retirees.

Center’s Proportionate Share of the Total OPEB Liability. The Center’s proportionate share of the total OPEB liability (TOL) was based on the Center’s share of group health insurance expenses relative to the total for the year ended September 30, 2022. At December 31, 2021, the Center’s proportion of the collective total OPEB liability was 3.09%.

Actuarial Methods and Assumptions. Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2021
Actuarial Cost Method	Individual Entry Age
Inflation Rate	2.50%
Salary Increases	.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS).
Mortality	For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of Scale MP-2021.
Health care cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.
Participation rates	65% for eligible retirees
Notes	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the demographic and salary increase assumptions were updated to reflect the 2021 TCDRS experience study, the election rate assumption was decreased, and the methodology for determining service cost was changed.

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

A Single Discount Rate of was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

Changes in the Center's Proportionate Share of Total OPEB Liability. The Center reported a liability of \$256,133 as of September 30, 2022, for its proportionate share of total OPEB liability. Total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2021.

	Total OPEB Liability
Balance at 12/31/2020	\$ 348,922
Changes for the year:	
Service cost	24,442
Interest on the total liability	7,087
Difference between expected and actual experience	(31,058)
Changes in assumptions and other inputs	(79,679)
Benefit payments	(13,581)
Net changes	(92,789)
Balance at 12/31/2021	<u>\$ 256,133</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% to 1.84%.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the total OPEB liability.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Center's portion of total OPEB liability	\$ 278,317	\$ 256,133	\$ 236,476

Healthcare Cost Trend Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Center's portion of total OPEB liability	\$ 227,000	\$ 256,133	\$ 292,005

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the year ended September 30, 2022, the Center's proportionate share of recognized OPEB expense was \$10,193. At September 30, 2022, the Center reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 8,202	27,972
Changes in actuarial assumptions	27,735	95,460
Contributions subsequent to the measurement date	9,472	-
Total	<u>\$ 45,409</u>	<u>\$ 123,432</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the Center paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year</u> <u>Ended September 30,</u>	
2023	\$(8,699)
2024	(8,699)
2025	(10,991)
2026	(12,183)
2027	(9,654)
Thereafter	(37,405)

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 810,000	\$ 810,000	\$ 632,591	\$(177,409)
Charges for services	<u>350,000</u>	<u>350,000</u>	<u>352,062</u>	<u>2,062</u>
Total revenues	<u>1,160,000</u>	<u>1,160,000</u>	<u>984,653</u>	<u>(175,347)</u>
EXPENDITURES				
Current:				
Public safety	<u>1,178,588</u>	<u>1,160,000</u>	<u>984,653</u>	<u>175,347</u>
Total expenditures	<u>1,178,588</u>	<u>1,160,000</u>	<u>984,653</u>	<u>175,347</u>
NET CHANGE IN FUND BALANCES	(18,588)	-	-	-
FUND BALANCES, BEGINNING	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>1,412</u>	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>-</u>

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Center's Proportion of the Net Pension Liability	2.00%	2.00%	1.00%	2.36%
Center's Proportionate Share of the Net Pension Liability (Asset)	\$ 46,767	\$ 202,927	\$ 105,714	\$ 122,875
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	97.47%	89.68%	89.86%	95.29%

Note: This schedule is required to have 10 years of information, but the information prior to 2015 is not available.

2019	2020	2021	2022
2.60%	2.92%	2.81%	2.56%
\$ 393,433	\$ 189,026	\$ 290,612	\$ (216,088)
87.01%	94.71%	92.39%	105.96%

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

SCHEDULE OF CENTER'S PENSION CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2014	\$ 49,263	\$ 49,263	\$ -	\$ 461,315	10.7%
2015	46,681	46,681	-	490,636	9.5%
2016	49,039	49,039	-	530,990	9.2%
2017	34,892	34,892	-	270,596	12.9%
2018	65,383	65,383	-	684,638	9.2%
2019	74,386	74,386	-	781,434	9.5%
2020	88,699	88,699	-	899,335	9.5%
2021	89,502	89,502	-	897,707	10.0%
2022	77,477	77,477	-	817,840	9.5%

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

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Valuation Timing	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.9 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE
OF THE TOTAL OPEB LIABILITY
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	2017	2018	2019	2020	2021
Center's Proportion of the Total OPEB Liability	3.01%	3.01%	3.31%	3.20%	3.09%
Center's Proportionate Share of the Total OPEB Liability	\$ 614,278	\$ 622,323	\$ 338,071	\$ 361,925	\$ 256,133

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

**COOKE, FANNIN AND GRAYSON COUNTY
JUVENILE DETENTION CENTER**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

I. BUDGETARY DATA

The Juvenile Board adopts an annual appropriated budget for the Juvenile Detention Center on the modified accrual basis of accounting. The Center follows these procedures in establishing the budgetary data reflected in the financial statements

- The Director of Juvenile Services submits to the Juvenile Board a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them. The operating fund of the Center is budgeted to have no excess revenues over (under) expenditures at the end of the fiscal year. The Center strives to maintain a carryover fund balance of \$20,000.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally adopted by the Juvenile Board
- The County Auditor and the Director monitor the expenditures of the operating fund. The budget is controlled on a departmental object class level. Expenditures can be reallocated within an object class at any time. Formal amendments are approved by the Board.

The Juvenile Board approves budget amendments proposed by the Director throughout and subsequent to the fiscal year. These amendments are routinely approved, and the current year budgetary data presented includes all approved budget amendments. All annual appropriations lapse at the end of each fiscal year.

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

Board of Directors
Cooke, Fannin and Grayson County
Juvenile Detention Center
Denison, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Cooke, Fannin and Grayson County Juvenile Detention Center (the "Center"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated June 1, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
June 1, 2023