



KAUFMAN
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Annual Financial Report

For the Fiscal Year Ended
September 30, 2023

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

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KAUFMAN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2023

Commissioners' Court:

County Judge	Mr. Jakie Allen
Commissioner of Precinct #1	Mr. Mike Hunt
Commissioner of Precinct #2	Mr. Williams Phillips
Commissioner of Precinct #3	Mr. Terry Barber
Commissioner of Precinct #4	Mr. Tommy Moore

Justices of the Peace:

Precinct #1	Ms. Mary Bardin
Precinct #2	Ms. Amy Tarno
Precinct #3	Mr. Rhitt Jackson
Precinct #4	Mr. Johnny Adams

Constables:

Precinct #1	Mr. Shawn Mayfield
Precinct #2	Mr. Jason Johnson
Precinct #3	Mr. Matthew Woodall
Precinct #4	Ms. Vanessa Brooks

86th Judicial District of the State of Texas:

District Judge	Mr. Casey Blair
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KAUFMAN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2023

422nd Judicial District of the State of Texas:

District Judge	Mr. Shelton Gibbs
Criminal District Attorney	Ms. Erleigh Norville-Wiley
District Clerk	Ms. Rhonda Hughey
County Auditor	Ms. Brandi Van Huss
Chief Adult Probation Officer	Mr. Lance Washburn
Chief Juvenile Probation Officer	Mr. Trenis Ramsey

Officials of Kaufman County:

County Court-at-law Judge	Ms. Tracy Gray
County Court-at-law Judge #2	Mr. Bobby Rich
County Clerk	Ms. Laura Hughes
County Sheriff	Mr. Bryan Beavers
County Tax Assessor-Collector	Ms. Teresa Floyd
County Treasurer	Mr. Chuck Mohnkern
County Veterans Service Officer	Mr. Robert Hunter
County Health Officer	Dr. Ben Brashear
Indigent Health Care Officer	Ms. Desiree Pool
Public Works Coordinator	Ms. Monique Hunter
Emergency Management Coordinator	Mr. Steve Howie
Fire Marshall	Mr. Paul Ayres
Purchasing Agent	Mr. Jack Sebastian

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Commissioners' Court,
Kaufman County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kaufman County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Kaufman County, Texas' 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 Kaufman County, Texas, as of September 30, 2023, 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 Kaufman 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 - Change of Accounting Principle

As described in the notes to the financial statements, in fiscal year 2023 Kaufman County, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based IT Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

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

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

In performing an audit in accordance with 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 Kaufman County, Texas' 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 Kaufman County, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024 on our consideration of Kaufman County, Texas' 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 Kaufman County, Texas' 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 Kaufman County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
November 20, 2024

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of Kaufman County (the "County") for the fiscal year ended September 30, 2023. This analysis is designed to focus on current activities, resulting changes and currently known facts. Please consider the information presented here, in conjunction with the financial statements and related footnotes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at the close of the year by \$18,554,374. The balance of unrestricted net position at year end was \$(63,125,850).
- Total net position increased by \$11,348,949 due to operations.
- As of the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$91,262,675, a decrease of \$24,758,181 from the previous year. The decrease was primarily due to infrastructure and environmental spending from bond proceeds.
- The unassigned fund balance in the General Fund of \$11,406,730 is available for spending at the County's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Kaufman County, Texas' basic financial statements. The 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.

Government-wide financial statements. These statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as *net position*. Over time, increases and decreases 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 County'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 this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government, public safety and highways and streets.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, General Road and Bridge Fund, the Construction Projects Fund, the American Rescue Plan Fund, and the Debt Service Fund all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The County adopts annual appropriated budgets for its General, General Road and Bridge, and Debt Service Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with those budgets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to 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.

Required supplementary information. Required supplementary information is in addition to the basic financial statements and accompanying notes and presents budgetary comparison schedules, which includes the original and final amended budget and actual figures, schedule of changes in net pension liability and related ratios, schedule of employer contributions to the Texas County and District Retirement System, and a funding progress schedule for the County's retiree health plan and group term life plan through TCDRS.

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 Kaufman County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,554,374 as of September 30, 2023.

The County's investment in capital assets (e.g., land, infrastructure, machinery and equipment and furniture and fixtures), less its related debt is a large portion of net position. These assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets increased \$31,465,238 (net) while current and other assets decreased \$44,286,240. Cash and investment balances decreased \$73,835,392. Long-term liabilities decreased from the prior year by \$458,649. The predominant reason for the change in liabilities was the issuance of bonds in the prior year, the increase of the net pension liability of \$5,038,271, and the payment of current year debt service obligations.

Governmental activities. Governmental activities increased the County's net position by \$11,348,949. The increase from the prior year is primarily due to a decrease in expenditures in the infrastructure and environmental function.

**Table – 1
Kaufman County, Texas’ Net Position**

	Governmental Activities	
	2023	2022
ASSETS		
Current and other assets	\$ 124,901,844	\$ 169,188,084
Capital assets	<u>141,770,138</u>	<u>110,304,900</u>
Total assets	<u>266,671,982</u>	<u>279,492,984</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	1,494,642	1,630,519
Deferred outflow of resources related to pensions and OPEBs	<u>8,978,688</u>	<u>7,480,503</u>
Total deferred outflows of resources	<u>10,473,330</u>	<u>9,111,022</u>
LIABILITIES		
Long-term liabilities	232,513,208	232,971,857
Other liabilities	<u>21,380,980</u>	<u>31,421,090</u>
Total liabilities	<u>253,894,188</u>	<u>264,392,947</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions and OPEBs	<u>4,696,750</u>	<u>17,005,634</u>
Total deferred outflows of resources	<u>4,696,750</u>	<u>17,005,634</u>
NET POSITION		
Net investment in capital assets	64,002,119	48,145,043
Restricted	17,678,105	13,510,707
Unrestricted	<u>(63,125,850)</u>	<u>(54,450,325)</u>
Total net position	<u>\$ 18,554,374</u>	<u>\$ 7,205,425</u>

**Table – 2
Kaufman County, Texas’ Changes in Net Position**

	Governmental Activities	
	2023	2022
REVENUES		
General revenues:		
Property taxes	\$ 79,127,512	\$ 67,296,395
Charges for services	14,452,668	13,877,721
Operating grants and contributions	10,849,883	8,396,725
Investment income	4,987,914	985,654
Miscellaneous	350,937	564,965
Gain on disposal of capital assets	<u>385,290</u>	<u>3,685,505</u>
Total revenues	<u>110,154,204</u>	<u>94,806,965</u>
EXPENSES		
General government	20,285,865	17,592,713
Public safety and corrections	42,165,951	27,542,390
Judicial	10,580,257	8,808,697
Community service	1,575,945	818,495
Infrastructure and environmental services	16,229,616	11,375,026
Health and human services	642,296	615,901
Interest and fiscal charges	<u>7,325,325</u>	<u>5,866,394</u>
Total expenses	<u>98,805,255</u>	<u>72,619,616</u>
CHANGE IN NET POSITION	<u>11,348,949</u>	<u>22,187,349</u>
NET POSITION, BEGINNING	<u>7,205,425</u>	<u>(14,981,924)</u>
NET POSITION, ENDING	<u>\$ 18,554,374</u>	<u>\$ 7,205,425</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Kaufman County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

The General Fund is the chief operating fund of Kaufman County. At the end of the year, unassigned total fund balance of the General Fund was \$11,406,730. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned total fund balance represents 16% of total General Fund expenditures.

The fund balance of the General Fund decreased by \$4,801,926 during the fiscal year. The main factor in the decrease was due to the increase in expenditure in the public safety and corrections and judicial functions.

The General Road and Bridge Fund had an ending fund balance of \$9,659,781. This fund includes the General Road and Bridge Fund as well as the four individual precinct road and bridge funds. Fund balance increased in this fund by \$3,426,649. This increase was due to expenditures exceeding total revenues by \$2,891,498 offset, in part, by the sale of capital assets of \$204,900.

The Construction Projects Fund had an ending fund balance of \$58,973,241 which is a decrease of \$24,825,502. The County spent \$28,174,263 in this fund during the year. The decrease is primarily due to an increase in infrastructure and environmental expenditures.

The Debt Service Fund had an ending fund balance of \$4,847,104, an increase of \$1,477,033 from prior year. The increase was mostly attributed to the increase in property tax revenues in the fund.

The American Rescue Plan Act Fund had an ending fund balance of \$150,812, an increase of \$132,756 from prior year. The increase was mostly attributed to the increase in investment income in the fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

County departments are actively involved in fee-producing activities and collecting outstanding account receivables. Continuous monitoring of departmental expenditures, implementation of a new purchasing policy and conversion to new financial software has aided in controlling expenditures.

- Due to the County's lower than desired fund balance at the end of FY 2013, efforts to control funds were implemented. The County has remained under budgeted expenditures through close adherence to the adopted budget and to County-wide financial policies. Each year since 2014, Kaufman County has increased the General Fund Balance. The recommended amount of at least three to four months of operating expenditures in the event of an emergency situation.
- 96.0% of budgeted Revenues were collected, and 95.0% of budgeted Expenditures were spent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Kaufman County's investment in capital assets for its governmental activities as of fiscal year-end was \$141,770,138 (net of accumulated depreciation), an increase of \$31,465,238 from the prior year. The increase primarily resulted from the funding of multiple construction projects and several large equipment purchases during the year. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, roads, bridges and office furniture and equipment.

**Table 3
Kaufman County, Texas' Capital Assets**

	Governmental Activities	
	2023	2022
Land	\$ 2,371,395.00	\$ 2,371,395.00
Construction in progress	86,152,773	72,120,179
Public monuments	712,736	712,736
Buildings and improvements	40,940,335	30,625,024
Infrastructure	28,336,363	21,645,834
Machinery and equipment	34,701,735	28,959,771
Right to use - software	1,653,414	-
Right to use - Land	10,000	10,000
Right to use - machinery & equipment	6,795,682	4,806,643
Right to use - buildings	473,278	473,278
	202,147,711	161,724,860
Less: accumulated depreciation	(60,377,573)	(51,419,960)
Total capital assets, net	<u>\$ 141,770,138</u>	<u>\$ 110,304,900</u>

Long-term Debt. At the end of the fiscal year, the County had total debt outstanding of \$213,350,375, which is an decrease of \$4,395,391 from the prior year.

**Table 4
Kaufman County, Texas' Outstanding Debt**

	Governmental Activities	
	2023	2022
Unlimited tax road bonds	\$ 111,105,000	\$ 113,768,850
Unlimited tax refunding bonds	27,620,000	27,675,000
Limited tax road bonds	41,325,000	41,660,000
Accreted interest	-	478,099
Bond premiums	26,225,097	27,424,730
Leases	4,463,458	4,172,300
SBITAs	923,619	-
Financing Arrangements	295,314	758,300
Compensated absences	1,392,887	1,808,487
Total Outstanding Debt	<u>\$ 213,350,375</u>	<u>\$ 217,745,766</u>

State statutes limit the amount of general obligation debt that a county may issue to 5% of its total assessed valuation. The current debt limit for Kaufman County is \$491,143,732 which is significantly in excess of the County's outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors currently affect the County of Kaufman, Texas, and were considered in developing the 2023-2024 fiscal year budgets:

- As of September 2023, the unemployment rate for Kaufman County was 3.60%, which is the same as the rate of 3.60% in September 2022.
- The Kaufman County population is currently estimated to be 172,366, which is a 26.59% increase from the 2010 census. This information was compiled by the Texas Association of Counties. Kaufman County is on a growth pattern and new developments are happening in all areas of our County.
- In 2014, Kaufman County voters approved a \$56 million bond issue, all of which was fully issued by September 2017. These bonds continue to be used to improve the road infrastructure with interconnecting roads throughout the County and the metropolitan Dallas/Fort Worth areas.

- In 2020, Kaufman County issued a refunding bond of these 2014 bonds for the purpose of interest savings. The County will realize \$235K annual savings per year and an estimated total savings over the life of the bond in the amount of \$3.29 million.
- Beginning in 2018, Kaufman County began receiving Pass-Through Toll revenue as a result of partnering with entities such as Texas Department of Transportation on specific Road Bond projects. These additional revenues are being used on county roads.
- Property values continue to reflect increases, which is a recent trend in Kaufman County. Additionally, residential and industrial developments are on the rise county wide, further increasing taxable assessed values for the county.
- Interest rates have continued to increase and allowing Kaufman County to take advantage of additional investment revenues. The investment opportunities have opened the County's portfolio for safeguarding the County's assets regarding investments.
- Kaufman County's 2014 contract for the housing of Federal Inmates at the County's Law Enforcement Center continues to generate additional revenues and the original contract was extended with additional cost increase.
- In 2019, Kaufman County voters approved two bond issues, \$104 million for transportation purposes and \$50 million for facilities improvements. The transportation bond issue will continue to be used to improve the road infrastructure with interconnecting roads throughout the County and the metropolitan Dallas/Fort Worth areas. The facilities bond issue will be used to build a new Justice Center, Animal Shelter and improvements to other County facilities in the future.
- In 2023, Kaufman County opened the Kaufman County Pet Adoption Center and the new Justice Center, and the involved departments were relocated for Citizens' convenience. Both buildings are now located on US 175 in Kaufman, Texas near the Law Enforcement Center.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Kaufman County, Texas finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's office, 100 N. Washington, Kaufman, Texas 75142.

**BASIC
FINANCIAL STATEMENTS**

KAUFMAN COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 109,261,973
Taxes receivable, net of allowance for uncollectibles	2,147,431
Accounts receivable	2,572,966
Due from other governments	10,460,918
Prepaid expenses	458,556
Capital assets:	
Nondepreciable	90,890,318
Depreciable, net	<u>50,879,820</u>
Total assets	<u>266,671,982</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	1,494,642
Deferred outflow of resources related to pensions	7,299,681
Deferred outflow of resources related to OPEB - GTL	256,519
Deferred outflow of resources related to OPEB - retiree health plan	<u>1,422,488</u>
Total deferred outflows of resources	<u>10,473,330</u>
LIABILITIES	
Accounts payable	6,187,360
Accrued liabilities	445,722
Due to other governments	208,332
Unearned revenue	13,529,260
Accrued interest	1,010,306
Long-term liabilities:	
Due within one year	
Long-term debt	7,588,567
Total OPEB liability - GTL	33,306
Total OPEB liability - retiree health plan	490,672
Due in more than one year	
Long-term debt	205,761,808
Net pension liability	5,038,271
Total OPEB liability - GTL	1,206,362
Total OPEB liability - retiree health plan	<u>12,394,222</u>
Total liabilities	<u>253,894,188</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	426,320
Deferred inflows of resources related to OPEB - GTL	409,446
Deferred inflow of resources related to OPEB - retiree health plan	<u>3,860,984</u>
Total deferred outflows of resources	<u>4,696,750</u>
NET POSITION	
Net investment in capital assets	64,002,119
Restricted:	
Road and bridge projects	9,610,746
Public safety	635,925
Judicial	427,932
Fire code enforcement	1,161,024
Historical preservation	32,092
Records management and preservation	1,483,549
Court technology and security	415,669
Debt service	3,836,798
Other purposes	73,270
Unrestricted	<u>(63,124,750)</u>
Total net position	<u>\$ 18,554,374</u>

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

KAUFMAN COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental activities:				
General government	\$ 20,285,865	\$ 7,075,899	\$ 1,501,448	\$ (11,708,518)
Public safety and corrections	42,165,951	232,215	449,051	(41,484,685)
Judicial	10,580,257	5,424,213	322,511	(4,833,533)
Community services	1,575,945	75,593	350,190	(1,150,162)
Infrastructure and environmental	16,229,616	1,644,748	178,847	(14,406,021)
Health and human services	642,296	-	8,047,836	7,405,540
Interest and fiscal charges	<u>7,325,325</u>	<u>-</u>	<u>-</u>	<u>(7,325,325)</u>
Total governmental activities	<u>98,805,255</u>	<u>14,452,668</u>	<u>10,849,883</u>	<u>(73,502,704)</u>
 Total primary government	 <u>\$ 98,805,255</u>	 <u>\$ 14,452,668</u>	 <u>\$ 10,849,883</u>	 <u>\$ (73,502,704)</u>
				General revenues:
				Property taxes
				79,127,512
				Investment income
				4,987,914
				Gain on disposal of capital assets
				385,290
				Miscellaneous
				<u>350,937</u>
				Total general revenues
				<u>84,851,653</u>
				Change in net position
				11,348,949
				Net position, beginning
				<u>7,205,425</u>
				Net position, ending
				<u>\$ 18,554,374</u>

KAUFMAN COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>General</u>	<u>General Road and Bridge</u>	<u>Construction Projects</u>
ASSETS			
Cash and cash equivalents	\$ 14,008,035	\$ 10,602,004	\$ 60,387,056
Receivables:			
Taxes	1,517,590	341,318	-
Accounts	2,148,356	421,664	2,946
Due from other governments	1,006,636	9,454,282	-
Due from other funds	385,000	-	-
Prepaid items	<u>408,421</u>	<u>49,035</u>	<u>-</u>
Total assets	<u>19,474,038</u>	<u>20,868,303</u>	<u>60,390,002</u>
LIABILITIES			
Accounts payable	2,115,226	1,001,154	1,416,761
Accrued liabilities	320,147	89,511	-
Due to other governments	208,332	-	-
Due to other funds	-	385,000	-
Unearned revenue	<u>2,134</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,645,839</u>	<u>1,475,665</u>	<u>1,416,761</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>3,276,211</u>	<u>9,732,857</u>	<u>-</u>
Total deferred inflows of resources	<u>3,276,211</u>	<u>9,732,857</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepaid items	408,421	49,035	-
Restricted			
Road and bridge projects	-	9,610,746	58,973,241
Public safety	-	-	-
Judicial	-	-	-
Fire code enforcement	-	-	-
Historical preservation	-	-	-
Records management and preservation	-	-	-
Court technology and security	-	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned			
Subsequent year's budget	1,736,837	-	-
Unassigned	<u>11,406,730</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>13,551,988</u>	<u>9,659,781</u>	<u>58,973,241</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 19,474,038</u>	 <u>\$ 20,868,303</u>	 <u>\$ 60,390,002</u>

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

Debt Service	American Rescue Plan Act (ARPA) Fund	Other Nonmajor Governmental	Total Governmental Funds
\$ 4,818,509	\$ 15,163,897	\$ 4,282,472	\$ 109,261,973
288,523	-	-	2,147,431
-	-	-	2,572,966
-	-	-	10,460,918
-	-	-	385,000
-	-	1,100	458,556
<u>5,107,032</u>	<u>15,163,897</u>	<u>4,283,572</u>	<u>125,286,844</u>
501	1,491,660	162,058	6,187,360
-	-	36,064	445,722
-	-	-	208,332
-	-	-	385,000
-	13,521,425	5,701	13,529,260
<u>501</u>	<u>15,013,085</u>	<u>203,823</u>	<u>20,755,674</u>
259,427	-	-	13,268,495
<u>259,427</u>	<u>-</u>	<u>-</u>	<u>13,268,495</u>
-	-	1,100	458,556
-	-	-	68,583,987
-	150,812	485,113	635,925
-	-	427,932	427,932
-	-	1,161,024	1,161,024
-	-	32,092	32,092
-	-	1,483,549	1,483,549
-	-	415,669	415,669
4,847,104	-	-	4,847,104
-	-	73,270	73,270
-	-	-	1,736,837
-	-	-	11,406,730
<u>4,847,104</u>	<u>150,812</u>	<u>4,079,749</u>	<u>91,262,675</u>
<u>\$ 5,107,032</u>	<u>\$ 15,163,897</u>	<u>\$ 4,283,572</u>	<u>\$ 125,286,844</u>

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KAUFMAN COUNTY, TEXAS

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

SEPTEMBER 30, 2023

Fund balances - governmental funds \$ 91,262,675

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:

Governmental capital assets	202,147,711
Less: accumulated depreciation	(60,377,573)

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay current year's expenditures and therefore are not reported in the governmental funds.

Property taxes	1,903,289
Court fines	1,939,474
Interlocal agreements	9,425,732

Certain long-term liabilities reported in governmental activities do not require current financial resources and therefore are not reported in the governmental funds balance sheet.

Net pension liability	(5,038,271)
Total OPEB obligation - GTL	(1,239,668)
Total OPEB obligation - retiree health plan	(12,884,894)
Compensated absences	(1,392,887)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(211,957,488)

Certain deferred inflows and deferred outflows of resources are only reported in the government-wide financial statements:

Deferred outflows of resources:	
Related to pensions	7,299,681
Deferred loss on bond refunding	1,494,642
Related to OPEB - GTL	256,519
Related to OPEB - retiree health plan	1,422,488
Deferred inflows of resources:	
Related to pensions	(426,320)
Related to OPEB - GTL	(409,446)
Related to OPEB - retiree health plan	(3,860,984)

Interest payable used in the County's governmental activities are not payable from current resources and therefore are not reported in the governmental funds.

(1,010,306)

Net position of governmental activities \$ 18,554,374

KAUFMAN COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>General Road and Bridge</u>	<u>Construction Projects</u>
REVENUES			
Property taxes	\$ 52,657,327	\$ 13,241,626	\$ -
Mixed beverage taxes	300,725	-	-
License and permits	129,568	-	-
Fees of office	4,386,326	3,538,613	-
Charges for services	983,284	1,214,527	-
Forfeitures	-	-	-
Intergovernmental	4,765,242	379,200	-
Investment income	1,118,472	316,773	3,338,761
Miscellaneous	<u>306,091</u>	<u>9,812</u>	<u>10,000</u>
Total revenues	<u>64,647,035</u>	<u>18,700,551</u>	<u>3,348,761</u>
EXPENDITURES			
General government	17,675,894	-	-
Public safety and corrections	31,244,455	-	-
Judicial	9,925,905	-	-
Community services	1,274,588	-	-
Infrastructure and environmental	2,134,388	12,589,916	28,174,263
Health and human service	642,921	-	-
Capital outlay	7,340,534	2,339,878	-
Debt service:			
Principal	1,726,669	784,598	-
Interest and fiscal charges	<u>117,664</u>	<u>94,661</u>	<u>-</u>
Total expenditures	<u>72,083,018</u>	<u>15,809,053</u>	<u>28,174,263</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,435,983)</u>	<u>2,891,498</u>	<u>(24,825,502)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	39,918	204,900	-
Insurance recoveries	157,014	24,813	-
Transfers in	-	8,436	-
Transfers out	(61,928)	-	-
Issuance of leases/SBITAs	<u>2,499,053</u>	<u>297,002</u>	<u>-</u>
Total other financing sources (uses)	<u>2,634,057</u>	<u>535,151</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,801,926)	3,426,649	(24,825,502)
FUND BALANCES, BEGINNING	<u>18,353,914</u>	<u>6,233,132</u>	<u>83,798,743</u>
FUND BALANCES, ENDING	\$ <u>13,551,988</u>	\$ <u>9,659,781</u>	\$ <u>58,973,241</u>

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

Debt Service	American Rescue Plan Act (ARPA) Fund	Other Nonmajor Governmental	Total Governmental Funds
\$ 12,579,199	\$ -	\$ -	\$ 78,478,152
-	-	-	300,725
-	-	278,002	407,570
-	-	1,285,569	9,210,508
-	-	95,746	2,293,557
-	-	169,096	169,096
-	8,047,836	114,139	13,306,417
78,695	132,756	2,457	4,987,914
-	-	25,034	350,937
<u>12,657,894</u>	<u>8,180,592</u>	<u>1,970,043</u>	<u>109,504,876</u>
-	-	1,250,559	18,926,453
-	8,047,836	286,474	39,578,765
-	-	486,024	10,411,929
-	-	-	1,274,588
-	-	129,298	43,027,865
-	-	-	642,921
-	-	12,451	9,692,863
3,053,850	-	24,053	5,589,170
8,127,011	-	1,867	8,341,203
<u>11,180,861</u>	<u>8,047,836</u>	<u>2,190,726</u>	<u>137,485,757</u>
<u>1,477,033</u>	<u>132,756</u>	<u>(220,683)</u>	<u>(27,980,881)</u>
-	-	-	244,818
-	-	-	181,827
-	-	149,240	157,676
-	-	(95,748)	(157,676)
-	-	-	2,796,055
-	-	53,492	3,222,700
1,477,033	132,756	(167,191)	(24,758,181)
<u>3,370,071</u>	<u>18,056</u>	<u>4,246,940</u>	<u>116,020,856</u>
\$ <u>4,847,104</u>	\$ <u>150,812</u>	\$ <u>4,079,749</u>	\$ <u>91,262,675</u>

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KAUFMAN COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds: \$ (24,758,181)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost and accumulated depreciation of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	34,275,623
Less: current year depreciation	(8,307,918)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

3,844,119

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	348,635
Court fines	255,553
Interlocal agreements	(340,150)

The issuance of long-term debt (e.g., certificates of obligation, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt is an expenditure in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of leases/SBITAs	(1,738,264)
Repayment of long-term liabilities	5,693,738
Amortization of:	
Deferred loss on bond refunding	(135,877)
Premium on bond issuance	1,199,634

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accreted interest	478,099
Compensated absences	415,598
Total OPEB liability - GTL	(55,724)
Total OPEB liability - retiree health plan	(484,293)
Net pension liability	693,280

Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.

(34,923)

Change in net position of governmental activities \$ 11,348,949

KAUFMAN COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 15,489,087
Accounts receivable	<u>269,344</u>
Total assets	<u>15,758,431</u>
LIABILITIES	
Accounts payable	<u>1,634,864</u>
Total liabilities	<u>1,634,864</u>
NET POSITION	
Restricted for:	
Pool participants	8,970,629
Individuals and organizations	<u>5,152,938</u>
Total net position	<u>\$ 14,123,567</u>

KAUFMAN COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds
INCREASES	
Contributions from judgements	\$ 9,292,980
Bonds received	4,440
Court fees	1,481,145
Deposits held	3,362,683
Operational revenues	2,097,281
Taxes collected on behalf of taxing entities	482,928,420
Interest income	12,355
Probation revenues	2,304,856
Total increases	<u>501,484,160</u>
DECREASES	
Collections distributed	2,218,167
Deposits returned	2,766,628
Disbursements to beneficiaries	8,287,367
Taxes disbursed to taxing entities	482,327,600
Operational expenses	4,591,164
Total decreases	<u>500,190,926</u>
Net increase (decrease) in fiduciary net position	1,293,234
Net position - beginning	<u>12,830,333</u>
Net position - ending	<u>\$ 14,123,567</u>

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KAUFMAN COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Kaufman County, Texas was incorporated in 1849 as a public corporation and political subdivision of the State of Texas. The Commissioners' Court 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, among others, as authorized by the statutes of the State of Texas: general administration (Commissioners' Court, County Judge and County Clerk); judicial (Courts, District Clerk and Juries); legal (prosecutors, investigators and outside counsel); financial administration (County Auditor, Treasurer and Tax Assessor-Collector); public safety (Sheriff and other law enforcement officials); roads and bridges; assistance to indigent residents; and County libraries. The financial statements of Kaufman County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units.

A. **Reporting Entity**

In determining the financial reporting entity, Kaufman County, Texas complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34.*" Under this standard, the County has no component units which are required to be reported, discretely or blended, in combination with the primary government.

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 the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 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 government 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Major governmental funds reported by the County are:

General Fund – The General Fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, fees, fines and forfeitures, intergovernmental revenue, and income derived from investment of available funds. Primary expenditures are for administrative, judicial and legal services and public safety.

General Road and Bridge Fund – The General Road and Bridge Fund accounts for resources used in the construction and maintenance of County roads and bridges. This fund also finances the activities of the County's four road and bridge precinct funds.

Construction Projects Fund – The Construction Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and for road construction projects belonging to other entities within the County.

Debt Service Fund – The Debt Service Fund accounts for property tax revenues levied for the purpose of covering annual principal and interest expenditures for the County's bonds.

American Rescue Plan Act (ARPA) Fund – The ARPA fund accounts for stimulus funds received under the Coronavirus State and Local Fiscal Recovery Fund, funding which was made available by the American Recovery Plan Act.

Nonmajor funds include Special Revenue Funds and Capital Projects Funds.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and custodial funds.

D. Assets, Liabilities, and Net Position or Equity

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse September 30, and encumbrances at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments. From time to time, the County invests its available funds in time deposits and other short-term, interest-bearing securities. Time deposits and securities having a maturity date of three months or less from the date of issuance are classified as cash equivalents, while those with a maturity of more than three months are classified as investments. Investments for the County are reported at fair value, except for the position in investment pools.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses on the government-wide financial statements and fund financial statements. The fund financial statements are offset by nonspendable fund balance which indicates they do not represent "available spendable resources."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than an adopted threshold and an estimated useful life in excess of one year. The thresholds adopted by the Commissioners' Court are as follows:

Land and land improvements	Capitalize all
Infrastructure	\$ 100,000
Buildings and building improvements	50,000
Furniture and equipment	5,000
Right-to-use equipment	5,000
Right-to-use SBITAs	5,000
Monuments	Capitalize all

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 asset life are not capitalized.

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

Buildings and building improvements	10 - 30 years
Furniture and equipment	3 - 15 years
Right-to-use furniture and equipment	3 - 15 years
Vehicles	5 - 10 years
Right-to-use vehicles	5 - 10 years
Right-to-use SBITAs	5 - 10 years
Infrastructure	20 - 50 years

Items Capitalized but not Depreciated

The County possesses certain capital assets that have been capitalized and not depreciated. These items are held for public exhibition and education rather than financial gain. They are also protected, kept unencumbered, cared for and preserved. Therefore, these items meet the criteria to be capitalized. These monuments and historical structures are deemed inexhaustible and are therefore not depreciated.

Compensated Absences

The County's permanent, fulltime employees with less than 8 years of service accrue 6.67 hours of vacation per month; those with 8 – 19 years of service accrue 10 hours per month; and those with service of 20 years or greater accrue 13.33 hours per month.

The County's permanent, fulltime employees accrue sick leave at the rate of 8 hours per month to a maximum 120 hours (90 days). Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who leaves the County's employment for any reason other than retirement receives no compensation for accrued sick leave. Retiring employees who have at least 20 years of service are entitled to payment for up to 30 days of accrued sick leave, and the accrual is included in the government-wide financial statements.

Leases

The County is a lessee for noncancellable leases of equipment, buildings and land. The County recognizes a lease liability and an intangible right - to - use lease asset (lease asset) in the government - wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is 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 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 non-cancellable 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 remeasurement 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.

Subscription-Based Information Technology Arrangements

The County is a lessee for subscription-based IT arrangements (SBITAs). The County recognizes liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a SBITA, the County initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon 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.
- The agreement term includes the noncancellable period of the SBITA.
- The agreed upon payments included in the measurement of the 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 remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long- term debt on the statement of net position.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan 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.

Other Post-Employment Benefits

TCERS Group Term Life Fund. The County participates in the Texas County & District Group Term Life Fund (TCERS GTLF), which is an optional single-employer defined benefit life insurance plan that is administered by TCERS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating entity as a percentage of that County's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the GTLF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The County levies taxes on or before the following September 30. They are due on October 1 and are delinquent after January 31.

Collections of property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor-Collector's Agency Fund. Tax collections made for the County are distributed to the General, Road and Bridge General Funds, and Debt Service Fund on a periodic basis throughout each month. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The combined tax rate for the year ended September 30, 2023, was \$.4163 per \$100 and was allocated as follows:

General Fund	\$ 0.2793
Debt Service Fund	0.0666
General Road and Bridge Fund	<u>0.0704</u>
 Total	 \$ <u><u>0.4163</u></u>

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 County has the following items that qualify for reporting in this category:

- Deferred losses on debt refunding in the government-wide Statement of Net Position results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after the measurement date are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions are deferred and recognized over the average remaining service lives of all members determined as of the measurement date.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and recognized over the average remaining service 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 or fund balance 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 the following items that qualify for reporting in this category.

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.
- In the statement of net position, the difference in projected and actual earnings on pension assets is deferred and amortized over a closed five-year period.

Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	<u>General</u>	<u>General Road and Bridge</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes	\$ 1,336,736	\$ 307,126	\$ 259,427	\$ 1,903,289
Court fines and fees receivable	1,939,475	-	-	1,939,475
Interlocal agreements	-	<u>9,425,731</u>	-	<u>9,425,731</u>
Total	<u>\$ 3,276,211</u>	<u>\$ 9,732,857</u>	<u>\$ 259,427</u>	<u>\$ 13,268,495</u>

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent is determined by the County Judge, with the assistance of the County Auditor and County Attorney, as needed.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted net position, as presented in the government-wide statement of net position, are reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

Statement No. 96, Subscription-Based Information Technology Arrangements, was effective for periods beginning after June 15, 2022. – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The cash and investment policies of the County are governed by state statutes, Section 116.112 of the Local Government Code and Government Code Chapter 2256, Subchapters A and B. The County's policies governing bank deposits require depositories to be FDIC insured institutions and to fully collateralize all deposits in excess of FDIC insured limits.

Cash

All demand and time deposits were entirely covered by FDIC insurance or by collateral held by the County's agent in the County's name. The fair market value for cash is not materially different from reported amounts.

Investments

Legal provisions generally permit the County to invest in certificates of deposit, fully collateralized repurchase agreements, public funds, investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, commercial paper, and other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

During the year ended September 30, 2023, all of the County's investments were invested with the State of Texas Local Government Investment Pool (TexPool), which is a public funds investment pool created by the Treasurer of the State of Texas. TexPool acts as custodian of investments purchased with local investment funds. TexPool acts as custodian of investments purchased with local investment funds. TexPool investments are stated at amortized cost, which in most cases approximates the market value of the shares.

Texas Class and TexPool Prime have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Texas CLASS	\$ 83,392,780	49	AAAm
TexPool Prime	<u>15,656,912</u>	46	AAAm
Portfolio weighted average maturity	<u>\$ 99,049,692</u>	48	

Credit Risk – Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The County has limited credit risk in conformance to state statutes and County ordinance, by investing in only the safest types of securities as permitted by the Public Funds Investment Act, using approved brokers and with different investment pools.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment.

Concentration of Credit Risk – Custodial of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

Custodial Credit Risk – Custodial credit risk is the risk for deposits that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County requires all bank deposits to be collateralized at a level not less than 100% of the total uninsured deposits. At September 30, 2023, the County is fully collateralized.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The County’s investment policy does not permit securities listed in foreign denominations. Consequently, the County is not exposed to foreign currency risk.

B. Receivables

Receivables as of year-end for the County, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>General Road and Bridge</u>	<u>Debt Service</u>	<u>Construction Projects</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,982,336	\$ 449,102	\$ 379,636	\$ -	\$ 2,811,074
Accounts	208,881	421,664	-	2,946	633,491
Adjudicated fine receivable	19,394,751	-	-	-	19,394,751
Due from other governments	<u>1,006,636</u>	<u>9,454,282</u>	<u>-</u>	<u>-</u>	<u>10,460,918</u>
Gross receivables	22,592,604	10,325,048	379,636	2,946	33,300,234
Less: allowance for uncollectibles	<u>(17,920,022)</u>	<u>(107,784)</u>	<u>(91,113)</u>	<u>-</u>	<u>(18,118,919)</u>
Net total receivables	<u>\$ 4,672,582</u>	<u>\$ 10,217,264</u>	<u>\$ 288,523</u>	<u>\$ 2,946</u>	<u>\$ 15,181,315</u>

C. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Road and Bridge	<u>\$ 385,000</u>
Total		<u>\$ 385,000</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2023, is as follows:

Primary Government

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,371,395	\$ -	\$ -	\$ 2,371,395
Public monuments	712,736	-	-	712,736
Construction in progress	<u>72,120,179</u>	<u>21,215,017</u>	<u>(7,182,423)</u>	<u>86,152,773</u>
Total assets not being depreciated	<u>75,204,310</u>	<u>21,215,017</u>	<u>(7,182,423)</u>	<u>89,236,904</u>
Capital assets, being depreciated:				
Buildings	30,625,024	10,315,311	-	40,940,335
Infrastructure	21,645,834	6,690,529	-	28,336,363
Machinery and equipment	28,959,772	6,491,852	(749,889)	34,701,735
Right to use - software	-	1,653,414	-	1,653,414
Right to use - land	10,000	-	-	10,000
Right to use - machinery and equipment	4,806,642	1,989,040	-	6,795,682
Right to use - buildings	<u>473,278</u>	<u>-</u>	<u>-</u>	<u>473,278</u>
Total capital assets being depreciated	<u>86,520,550</u>	<u>27,140,146</u>	<u>(749,889)</u>	<u>112,910,807</u>
Less accumulated depreciation:				
Buildings	(19,853,568)	(1,203,415)	(2,345,793)	(23,402,776)
Infrastructure	(11,775,107)	(580,884)	(842,116)	(13,198,107)
Machinery and equipment	(18,341,209)	(3,982,997)	2,538,214	(19,785,992)
Right to use - software	-	(568,431)	-	(568,431)
Right to use - land	(1,250)	(1,250)	-	(2,500)
Right to use - machinery and equipment	(1,349,092)	(1,871,207)	-	(3,220,299)
Right to use - buildings	<u>(99,734)</u>	<u>(99,734)</u>	<u>-</u>	<u>(199,468)</u>
Total accumulated depreciation	<u>(51,419,960)</u>	<u>(8,307,918)</u>	<u>(649,695)</u>	<u>(60,377,573)</u>
Total capital assets being depreciated, net	<u>35,100,590</u>	<u>18,832,228</u>	<u>(1,399,584)</u>	<u>52,533,234</u>
Governmental activities capital assets, net	<u>\$ 110,304,900</u>	<u>\$ 40,047,245</u>	<u>\$(8,582,007)</u>	<u>\$ 141,770,138</u>

Depreciation expense for the year was charged to functions of the government-wide statement of activities as follows:

General government	\$ 1,416,094
Judicial	454,584
Public safety and corrections	2,733,714
Infrastructure and environmental	3,351,202
Community services	<u>352,324</u>
Total depreciation expense	<u>\$ 8,307,918</u>

E. Long-term Debt

During the year ended September 30, 2023, the following changes occurred in a long-term debt:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Unlimited tax road bonds	113,768,850	-	(2,663,850)	111,105,000	2,360,000
Unlimited tax refunding bonds	27,675,000	-	(55,000)	27,620,000	1,835,000
Limited tax road bonds	41,660,000	-	(335,000)	41,325,000	365,000
Bond premiums	27,424,731	-	(1,199,634)	26,225,097	-
Accreted interest on bonds	478,099	33,051	(511,150)	-	-
Compensated absences	1,808,485	785,920	(1,201,518)	1,392,887	208,933
Financing arrangements	758,300	-	(462,986)	295,314	211,503
Leases	4,172,301	1,926,508	(1,635,351)	4,463,458	2,107,775
SBITAs	<u>593,421</u>	<u>871,749</u>	<u>(541,551)</u>	<u>923,619</u>	<u>500,356</u>
Total governmental activities	<u>\$ 218,339,187</u>	<u>\$ 3,617,228</u>	<u>\$(8,606,040)</u>	<u>\$ 213,350,375</u>	<u>\$ 7,588,567</u>

The general obligation bonds held by the County were sold on the open market. The bonds are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

On February 1, 2014, the County issued Unlimited Tax Road Bonds, Series 2014. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On September 1, 2016, the County issued Unlimited Tax Road Bonds, Series 2016. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On August 11, 2020, the County issued Unlimited Tax Refunding Bonds, Series 2020. The proceeds were used to advance refund the outstanding Series 2014 Unlimited Tax Road Bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2014 Unlimited Tax Road Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

On February 9, 2021, the County issued Unlimited Tax Road Bonds, Series 2021. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On April 14, 2022 the County issued \$36,385,000 in Unlimited Tax Road Bonds with interest rates ranging from 4% to 5%. The proceeds were used to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

The County's Unlimited Tax Road Bonds were both sold on the open market. The bonds are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

The annual requirements for all unlimited tax road bonds outstanding at September 30, 2023, are as follows:

Unlimited Tax Road Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2024	\$ 2,360,000	\$ 4,738,425	\$ 7,098,425
2025	3,020,000	4,613,700	7,633,700
2026	3,485,000	4,462,100	7,947,100
2027	3,975,000	4,287,875	8,262,875
2028	3,895,000	4,102,925	7,997,925
2029-2033	22,850,000	17,501,800	40,351,800
2034-2038	28,955,000	12,069,600	41,024,600
2039-2043	24,850,000	6,652,500	31,502,500
2044-2048	<u>17,715,000</u>	<u>1,371,550</u>	<u>19,086,550</u>
Total	<u>\$ 111,105,000</u>	<u>\$ 59,800,475</u>	<u>\$ 170,905,475</u>

The annual requirements for all unlimited tax refunding bonds outstanding at September 30, 2023, are as follows:

Unlimited Tax Refunding Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2024	\$ 1,835,000	\$ 1,167,905	\$ 3,002,905
2025	2,090,000	908,530	2,998,530
2026	2,200,000	801,280	3,001,280
2027	2,315,000	688,405	3,003,405
2028	2,435,000	569,655	3,004,655
2029-2033	13,775,000	1,238,843	15,013,843
2034-2038	<u>2,970,000</u>	<u>34,021</u>	<u>3,004,021</u>
Total	<u>\$ 27,620,000</u>	<u>\$ 5,408,639</u>	<u>\$ 33,028,639</u>

On February 9, 2021 the County issued Limited Tax Road Bonds, Series 2021A. These bonds will be used for purchasing, constructing, reconstructing, improving and equipping County facilities that house justice, law enforcement, and related facilities.

The annual requirements for all limited tax road bonds outstanding at September 30, 2023, are as follows:

Limited Tax Road Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2024	\$ 365,000	\$ 1,733,475	\$ 2,098,475
2025	765,000	1,705,225	2,470,225
2026	950,000	1,662,350	2,612,350
2027	1,295,000	1,606,225	2,901,225
2028	1,360,000	1,539,850	2,899,850
2029-2033	7,870,000	6,627,975	14,497,975
2034-2038	9,700,000	4,805,000	14,505,000
2039-2043	11,845,000	2,657,100	14,502,100
2044-2048	<u>7,175,000</u>	<u>392,700</u>	<u>7,567,700</u>
Total	<u>\$ 41,325,000</u>	<u>\$ 22,729,900</u>	<u>\$ 64,054,900</u>

F. Financing Arrangements

The County is obligated under several financing arrangements (direct borrowing) for vehicles and heavy equipment. The agreements are secured by the financed assets and carry interest rates ranging from 2.34% to 3.50%.

Principal and interest requirements to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total Requirements
2023	\$ 211,503	\$ 7,074	\$ 218,577
2024	<u>83,811</u>	<u>2,436</u>	<u>86,247</u>
Total	<u>\$ 295,314</u>	<u>\$ 9,510</u>	<u>\$ 304,824</u>

G. Leases

The County is obligated under several leases (direct borrowing) for vehicles, equipment, buildings, and land. The vehicle leases are secured by the financed assets and carry interest rates ranging from 0.25% to 2.28%. The equipment leases are secured by the financed assets and carry interest rates ranging from 0.25% to 3.24%. The building leases are secured by the financed assets and carry interest rates ranging from 0.08% to 1.66%. The land lease is secured by the financed asset and carries an interest rate of 0.0%.

Principal and interest requirements to maturity are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 2,107,775	\$ 56,040	\$ 2,163,815
2025	1,170,535	36,031	1,206,566
2026	708,283	18,669	726,952
2027	474,930	5,431	480,361
2028	<u>1,935</u>	<u>13</u>	<u>1,948</u>
Total	<u>\$ 4,463,458</u>	<u>\$ 116,184</u>	<u>\$ 4,579,642</u>

H. SBITA Payable

The County is obligated under several subscription-based IT arrangements for various software packages, with interest rates ranging from 0.804% to 3.305%.

Principal and interest requirements to maturity are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 500,356	\$ 27,347	\$ 527,703
2025	219,050	11,823	230,873
2026	105,586	5,348	110,934
2027	<u>98,627</u>	<u>2,497</u>	<u>101,124</u>
Total	<u>\$ 923,619</u>	<u>\$ 47,015</u>	<u>\$ 970,634</u>

I. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. In the opinion of the County's management, disallowed costs, if any, would not have a material effect on the County's financial position or results of operations.

The County is involved in certain legal actions and claims arising in the ordinary course of its operations. Although the outcome of these legal actions is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

J. Interfund Transfers

Interfund transfers for the fiscal year ending September 30, 2023, are summarized below:

<u>Transfer out</u>	<u>Transfer in</u>	<u>Amounts</u>
General	Nonmajor governmental	\$ 53,492
General	Debt service	8,436
Nonmajor governmental	Nonmajor governmental	<u>95,748</u>
Total		<u>\$ 157,676</u>

III. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight 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 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. By law, employee accounts earn 7% interest. 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.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	323
Inactive employees entitled to but not yet receiving benefits	556
Active employees	<u>607</u>
Total	<u>1,486</u>

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. Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 10.45% and 9.63% in calendar years 2022 and 2023, respectively. The County’s contributions to TCDRS for the year ended September 30, 2023, were \$3,650,933, which was equal to the required contributions.

Net Pension Liability. The County’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022, 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	7.50%, net of pension plan investment expense, including inflation

Cost-of-Living Adjustments for Kaufman County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

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

Depositing members	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.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	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.

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 2023 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

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

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

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. 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.

Changes in the Net Pension Liability (asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balance at 12/31/2021	\$ 114,814,792	\$ 124,531,856	\$ (9,717,064)
Changes for the year:			
Service cost	4,150,296	-	4,150,296
Interest on total pension liability ⁽¹⁾	8,834,293	-	8,834,293
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	364,670	-	364,670
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(800,871)	(800,871)	-
Benefit payments	(4,749,554)	(4,749,554)	-
Administrative expenses	-	(68,901)	68,901
Member contributions	-	2,349,814	(2,349,814)
Net investment income	-	(7,325,178)	7,325,178
Employer contributions	-	3,492,961	(3,492,961)
Other ⁽³⁾	-	145,228	(145,228)
Balance at 12/31/2022	<u>\$ 122,613,626</u>	<u>\$ 117,575,355</u>	<u>\$ 5,038,271</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.

Sensitivity Analysis

The following presents the net pension liability (asset) of the employer, calculated using the discount rate of 7.60%, as well as what the Kaufman County 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	\$ 140,681,566	\$ 122,613,626	\$ 107,776,060
Fiduciary net position	<u>117,575,355</u>	<u>117,575,355</u>	<u>117,575,355</u>
Net pension liability/(asset)	<u>\$ 23,106,211</u>	<u>\$ 5,038,271</u>	<u>\$ (9,799,295)</u>

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.

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

For the year ended September 30, 2023, the County recognized pension expense of \$2,977,833.

At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 367,523	\$ 360,031
Changes in actuarial assumptions	1,658,510	66,289
Net difference between projected and actual investment earnings	2,509,009	-
Contributions made subsequent to the measurement date	<u>2,764,639</u>	<u>-</u>
Total	<u>\$ 7,299,681</u>	<u>\$ 426,320</u>

\$2,764,639 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2024	\$ 250,489
2025	(22,118)
2026	519,681
2027	3,360,670

B. Other Postemployment Benefits – Retiree Health Plan

Program Description. In addition to the pension benefits described in Note IV A. as required by state law and defined by the County Policy, the County makes available health care benefits through the Texas Association of Counties Health and Employee Benefits Pool to all employees who retire from the County and who are receiving benefits from a County sponsored retirement program (TCDRS). The health care plan provides insurance to eligible retirees through the County’s group health insurance plan, which covers both active and retired members, until age 65 when retirees become eligible and are required to enroll in Medicare Part B, at which time coverage supplements Medicare.

Current retirees in the health plan and at retirement, active employees that meet the conditions for retirement from TCDRS (age 60 and above with 8 years or more of service, 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more) are eligible to remain in the health plan at the age graded and gender distinct contribution rate for active and retiree participants. The County will cease to pay or provide this benefit should the retiree go to work for another employer that offers health insurance benefits.

Benefits and Contributions. The County contributions to the Retiree Health Program consist of a pay-as-you-go monthly contribution rate of one-half (1/2) of the cost of health insurance per participant for those that retire with 8 to 19 years of service and 100% of the cost per participant for those that retire with 20 or more years of service. The County contributions to the plan for fiscal year 2023 were \$417,438. Current retirees with less than 20 years of service contribute to the Retiree Health Program with adjustments for age and gender. Monthly retiree contribution rate for fiscal year 2023 ranges from \$775 to \$1,520 for health insurance. Retirees and current employees with 8 to 19 years of service are financially responsible for one-half of the monthly premiums.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	22
Active members	<u>546</u>
Total	<u><u>568</u></u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS)
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021.
Health care cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 15 years
Participation rates	95% for retirees receiving 100% of premium paid by the County; 75% for retirees receiving 50% of premium paid by the County; 10% for retirees receiving 0% of premium paid by the County
Discount rate	The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. The health care trend assumption was updated to reflect the plan's anticipated experience.

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 4.05% 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, 2022.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$12,884,894 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Balance at 12/31/2021	\$ 13,620,069
Changes for the year:	
Service cost	1,086,010
Interest on the total liability	256,086
Difference between expected and actual experience	691,161
Changes in assumptions and other inputs	(2,277,760)
Benefit payments	<u>(490,672)</u>
Net changes	<u>(735,175)</u>
Balance at 12/31/2022	<u>\$ 12,884,894</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%, and health care trend assumptions.

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 (4.05%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
Total OPEB liability	\$ 14,272,257	\$ 12,884,894	\$ 11,641,918

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.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 11,269,141	\$ 12,884,894	\$ 14,823,859

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2023, the County recognized OPEB expense of \$901,731. At September 30, 2023, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 606,970	\$ 1,629,309
Changes in actuarial assumptions	506,700	2,231,675
Contributions subsequent to the measurement date	<u>308,818</u>	<u>-</u>
Total	<u>\$ 1,422,488</u>	<u>\$ 3,860,984</u>

\$308,818 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. 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 Ended September 30,</u>	
2024	\$ (440,367)
2025	(440,367)
2026	(448,829)
2027	(495,346)
2028	(418,236)
Thereafter	(504,169)

C. Defined Other Post-Employment Benefit Plans

TCDRS Group Term Life Fund

Plan Description. The County voluntarily participates in the Texas County & District Group Term Life Fund (TCDRS GTLF). The GTLF is a single-employer defined Other Post-Employment 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. It is established and administered in accordance with the TCDRS Act.

Benefits Provided. The GTLF provides group-term life insurance to County employees who are active members in TCDRS, including or not including retirees. The County's Commissioners' Court opted into this program, and may terminate coverage under, and discontinue participation in, the GTLF program as of January 1, each year.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's most recent regular annualized salary. The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$5,000.

Employees covered by benefit terms. The number of employees currently covered by the benefit terms is as follows:

Inactive employees receiving benefits	268
Inactive employees entitled to but not yet receiving benefits	142
Active employees	<u>607</u>
	<u><u>1,017</u></u>

Contributions. The County contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation, which was 0.22% for 2023 and 0.27% for 2022, of which 0.09% and 0.10%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The County's contributions to the GTLF for the years ended September 30, 2023 and 2022 were \$89,849 and \$83,681, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The County's Total OPEB Liability (TOL) was measured as of December 31, 2022 as determined by an actuarial valuation as of that date.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended	December 31, 2022
Investment rate of return (discount rate)	20 Year Bond GO Index published by bondbuyer.com as of December 30, 2022.
Actuarial cost method	Entry Age Level Percent of Salary

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

Depositing members	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.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	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.

All actuarial assumptions and methods that determined the Total OPEB Liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

Discount Rate. The TCDRS GTLF program is treated as an unfunded OPEB plan because the GTLF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.72% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was the 20 Year Bond GO Index published by bondbuyer.com as of the measurement date of December 31, 2022.

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 <u>(2.72%)</u>	Current Discount Rate <u>(3.72%)</u>	1% Increase in Discount Rate <u>(4.72%)</u>
Total OPEB Liability	\$ 1,487,669	\$ 1,239,668	\$ 1,048,406

OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs. At September 30, 2023, the County reported a liability of \$1,239,668 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the County recognized OPEB expense of \$90,117. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance at December 31, 2021	\$ 1,606,022
Changes for the year:	
Service cost	60,202
Interest on total OPEB liability ⁽¹⁾	33,983
Effect of economic/demographic gains or losses	25,620
Effect of assumptions changes or inputs ⁽³⁾	(452,853)
Benefit payments	<u>(33,306)</u>
Balance at December 31, 2022	<u>\$ 1,239,668</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⁾ Reflects change in discount rate.

At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 30,990	\$ 12,190
Change of assumptions	199,691	397,256
Contributions subsequent to the measurement date	<u>25,838</u>	<u>-</u>
Totals	<u>\$ 256,519</u>	<u>\$ 409,446</u>

\$25,838 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2024. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year <u>Ended September 30,</u>	
2024	\$ (8,420)
2025	9,849
2026	(37,782)
2027	(71,206)
2028	(71,206)

D. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage for each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this commercial insurance coverage during the current fiscal year.

E. Tax Abatements

The County enters into economic development agreements designed to promote development and redevelopment within the County, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the County. The County’s economic development agreements are authorized under Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the County, and the attraction of companies that offer high impact jobs and share the community’s values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations or bringing targeted business to the County. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The County has also entered into two agreements under State County Development and Growth, Chapter 381 of the Texas Local Government Code that will rebate a percentage of property taxes.

In fiscal year 2023, the County abated property tax revenue totaling \$65,177 for four entities. In addition, the County made Chapter 381 property tax rebates of \$593,587 for three entities.

F. Related Party Transactions

During the 2023 fiscal year, the County received services from a company owned by a relative of a member of Commissioners Court. The contract was approved by Commissioners Court and the Commissioner abstained from that vote. Total payments to the vendor for the fiscal year were \$534,544.

G. New Accounting Guidance

Significant new accounting guidance not yet implemented by the County includes:

GASB Statement No. 99, Omnibus 2022 – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance 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. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, Compensated Absences - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

The Government Accounting Standards Board (GASB) has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of record keeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significant collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date, December 31	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability			
Service Cost	\$ 4,150,296	\$ 4,249,298	\$ 3,611,350
Interest total pension liability	8,834,293	8,322,178	7,811,066
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	(132,579)	6,634,044
Effect of economic/demographic (gains) or losses	364,670	(397,065)	(645,991)
Benefit payments/refunds of contributions	<u>(5,550,425)</u>	<u>(4,870,989)</u>	<u>(5,077,286)</u>
Net change in total pension liability	7,798,834	7,170,843	12,333,183
Total pension liability - beginning	<u>114,814,792</u>	<u>107,643,949</u>	<u>95,310,766</u>
Total pension liability - ending (a)	<u>\$ 122,613,626</u>	<u>\$ 114,814,792</u>	<u>\$ 107,643,949</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 3,492,961	\$ 2,949,413	\$ 3,118,705
Member contributions	2,349,814	2,169,521	2,257,586
Investment income net of investment expenses	(7,325,178)	22,414,516	9,522,106
Benefit payments refunds of contributions	(5,550,425)	(4,870,989)	(5,077,286)
Administrative expenses	(68,901)	(67,373)	(74,585)
Other	<u>145,228</u>	<u>5,173</u>	<u>17,815</u>
Net change in plan fiduciary net position	(6,956,501)	22,600,261	9,764,341
Plan fiduciary net position - beginning	<u>124,531,856</u>	<u>101,931,595</u>	<u>92,167,254</u>
Plan fiduciary net position - ending (b)	<u>\$ 117,575,355</u>	<u>\$ 124,531,856</u>	<u>\$ 101,931,595</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 5,038,271</u>	<u>\$ (9,717,064)</u>	<u>\$ 5,712,354</u>
Fiduciary net position as a percentage of total pension liability	95.89%	108.46%	94.69%
Pensionable covered payroll	\$ 33,306,499	\$ 30,993,162	\$ 32,251,225
Net pension liability (asset) as a percentage of covered payroll	15.13%	-31.35%	17.71%

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

	2019	2018	2017	2016	2015	2014
\$	3,265,943	\$ 3,053,934	\$ 3,238,234	\$ 3,065,258	\$ 2,644,182	\$ 2,762,499
	7,278,934	6,744,796	6,348,341	5,728,468	5,436,268	5,087,347
	-	639,221	-	-	(581,498)	-
	-	-	328,681	-	793,523	-
	470,101	220,680	(779,039)	975,056	(1,233,372)	(306,924)
	<u>(4,515,378)</u>	<u>(4,046,460)</u>	<u>(4,067,947)</u>	<u>(3,643,256)</u>	<u>(3,468,516)</u>	<u>(3,101,049)</u>
	6,499,600	6,612,171	5,068,270	6,125,526	3,590,587	4,441,873
	<u>88,811,166</u>	<u>82,198,995</u>	<u>77,130,725</u>	<u>71,005,199</u>	<u>67,414,612</u>	<u>62,972,739</u>
\$	<u>95,310,766</u>	<u>\$ 88,811,166</u>	<u>\$ 82,198,995</u>	<u>\$ 77,130,725</u>	<u>\$ 71,005,199</u>	<u>\$ 67,414,612</u>
\$	2,603,903	\$ 2,625,263	\$ 2,149,400	\$ 2,156,826	\$ 1,967,249	\$ 1,948,436
	1,932,910	1,802,198	1,633,633	1,632,185	1,464,973	1,415,395
	13,005,673	(1,492,712)	10,274,385	4,810,216	(320,384)	4,146,388
	(4,515,378)	(4,046,460)	(4,067,947)	(3,643,256)	(3,468,516)	(3,101,049)
	(70,235)	(63,611)	(53,437)	(52,386)	(46,996)	(48,743)
	<u>13,574</u>	<u>18,998</u>	<u>(3,545)</u>	<u>452,289</u>	<u>49,879</u>	<u>40,434</u>
	12,970,447	(1,156,324)	9,932,489	5,355,874	(353,795)	4,400,861
	<u>79,196,807</u>	<u>80,353,131</u>	<u>70,420,642</u>	<u>65,064,768</u>	<u>65,418,563</u>	<u>61,017,702</u>
\$	<u>92,167,254</u>	<u>\$ 79,196,807</u>	<u>\$ 80,353,131</u>	<u>\$ 70,420,642</u>	<u>\$ 65,064,768</u>	<u>\$ 65,418,563</u>
\$	<u>3,143,512</u>	<u>\$ 9,614,359</u>	<u>\$ 1,845,864</u>	<u>\$ 6,710,083</u>	<u>\$ 5,940,431</u>	<u>\$ 1,996,049</u>
	96.70%	89.17%	97.75%	91.30%	91.63%	97.04%
\$	27,612,999	\$ 25,745,877	\$ 23,337,656	\$ 23,316,925	\$ 20,928,191	\$ 20,111,254
	11.38%	37.34%	7.91%	28.78%	28.38%	9.93%

KAUFMAN COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,943,276	\$ 1,943,276	\$ -	\$ 20,264,138	9.6%
2015	1,948,005	1,948,005	-	20,597,590	9.5%
2016	2,065,400	2,065,400	-	22,246,549	9.3%
2017	2,110,610	2,110,610	-	22,889,854	9.2%
2018	2,355,016	2,355,016	-	25,146,889	9.4%
2019	2,547,473	2,747,473	(200,000)	27,022,238	10.2%
2020	2,798,325	3,152,573	(354,248)	29,131,092	10.8%
2021	3,118,705	3,118,705	-	31,257,182	10.0%
2022	3,397,346	3,397,346	-	30,993,162	11.0%
2023	3,480,529	3,480,529	-	33,306,499	10.4%

KAUFMAN COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.1 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service, 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees 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.
	2022: No changes in plan provisions were reflected in the Schedule.
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: Employer contributions reflect that a 2% flat COLA was adopted
	2020: No changes in plan provisions were reflected in the Schedule
	2021: No changes in plan provisions were reflected in the Schedule
2022: No changes in plan provisions were reflected in the Schedule	

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

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - GROUP TERM LIFE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date, December 31	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability			
Service Cost	\$ 60,202	\$ 59,910	\$ 48,870
Interest on total OPEB liability	33,983	33,481	36,433
Effect of assumption changes or inputs	(452,853)	30,706	174,730
Effect of economic/demographic gains or losses	25,620	(20,316)	13,346
Benefit payments	(33,306)	(34,092)	(35,476)
Net change in Total OPEB Liability	(366,354)	69,689	237,903
Total OPEB Liability - beginning	<u>1,606,022</u>	<u>1,536,333</u>	<u>1,298,430</u>
Total OPEB Liability - ending	<u>\$ 1,239,668</u>	<u>\$ 1,606,022</u>	<u>\$ 1,536,333</u>
Covered-employee payroll	\$ 33,306,499	\$ 30,993,162	\$ 32,251,225
Total OPEB Liability as a percentage of covered-employee payroll	3.72%	5.18%	4.76%

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

Note: No assets are accumulated in a trust for the group term life plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 31,124	\$ 38,036	\$ 36,235
40,542	36,472	37,218
281,709	(119,269)	50,348
4,076	9,651	(24,241)
(33,136)	(25,746)	(25,671)
324,315	(60,856)	73,889
<u>974,115</u>	<u>1,034,971</u>	<u>961,082</u>
<u>\$ 1,298,430</u>	<u>\$ 974,115</u>	<u>\$ 1,034,971</u>
\$ 27,612,999	\$ 25,745,877	\$ 23,337,656
4.70%	3.78%	4.43%

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - RETIREE HEALTH PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date, December 31	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability			
Service Cost	\$ 1,086,010	\$ 1,117,913	\$ 1,310,069
Interest on total OPEB liability	256,086	258,982	366,977
Difference between expected and actual experience	691,161	(41,830)	(1,259,070)
Effect of assumption changes or inputs	(2,277,760)	100,447	(318,290)
Benefit payments	(490,672)	(411,152)	(387,145)
Net change in Total OPEB Liability	(735,175)	1,024,360	(287,459)
Total OPEB Liability - beginning	<u>13,620,069</u>	<u>12,595,709</u>	<u>12,883,168</u>
Total OPEB Liability - ending	<u>\$ 12,884,894</u>	<u>\$ 13,620,069</u>	<u>\$ 12,595,709</u>
Covered-employee payroll	\$ 33,042,322	\$ 31,238,881	\$ 30,611,426
Total OPEB Liability as a percentage of covered-employee payroll	39.00%	43.60%	41.15%

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

Note: No assets are accumulated in a trust for the retiree health plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 1,161,747	\$ 1,240,615	\$ 657,472
462,572	395,357	396,383
(895,929)	(642,138)	5,694
463,473	(68,067)	538,572
(392,144)	(332,674)	(365,587)
799,719	593,093	1,232,534
<u>12,083,449</u>	<u>11,490,356</u>	<u>10,257,822</u>
<u>\$ 12,883,168</u>	<u>\$ 12,083,449</u>	<u>\$ 11,490,356</u>
\$ 28,032,822	\$ 25,125,526	\$ 23,337,656
45.96%	48.09%	49.24%

KAUFMAN COUNTY, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 53,780,949	\$ 53,899,900	\$ 52,657,327	\$ (1,242,573)
Mixed beverage taxes	175,000	300,725	300,725	-
License and permits	127,000	133,105	129,568	(3,537)
Fees of office	4,121,800	4,696,983	4,386,326	(310,657)
Charges for service	814,393	1,006,098	983,284	(22,814)
Intergovernmental	4,946,402	6,151,621	4,765,242	(1,386,379)
Investment income	150,000	1,117,873	1,118,472	599
Miscellaneous	58,200	281,336	306,091	24,755
Total revenues	<u>64,173,744</u>	<u>67,587,641</u>	<u>64,647,035</u>	<u>(2,940,606)</u>
EXPENDITURES				
Current:				
General Government:				
County Clerk	1,293,012	1,257,108	1,196,302	60,806
County Service Officer	213,551	218,252	184,916	33,336
County Administrator	100	100	-	100
General Government	4,523,677	6,466,435	5,974,399	492,036
Emergency Management	347,569	395,513	359,345	36,168
Animal Shelter	183,400	228,400	194,550	33,850
Collections	232,930	226,846	213,915	12,931
District Clerk	897,405	868,924	843,550	25,374
Election Expense	903,749	967,793	845,361	122,432
County Auditor	686,940	676,246	665,354	10,892
Purchasing Agent	316,586	338,933	292,013	46,920
County Treasurer	358,289	358,627	336,476	22,151
Human Resources	354,530	377,547	304,715	72,832
Tax Collector	1,645,757	1,591,901	1,569,080	22,821
Maintenance and Operations	1,325,159	1,475,007	1,408,310	66,697
Utilities	823,400	871,525	857,472	14,053
Probate Education	1,200	1,200	425	775
Extension Service	380,265	380,600	365,924	14,676
Project/Program Manager	118,391	118,733	114,133	4,600
Telecommunications	-	226,436	215,856	10,580
Computer	628,434	582,698	603,918	(21,220)
Probate and Lunacy	80,500	116,278	109,228	7,050
Information Technology	1,267,836	1,043,313	1,020,652	22,661
Total General Government	<u>16,582,680</u>	<u>18,788,415</u>	<u>17,675,894</u>	<u>1,112,521</u>

KAUFMAN COUNTY, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety				
Judicial and Law Enforcement	\$ 235,000	\$ 242,600	\$ 236,936	\$ 5,664
Fire Marshal	563,339	498,843	490,577	8,266
Constable Precinct 1	543,070	547,072	511,261	35,811
Constable Precinct 2	1,499,522	1,491,225	1,295,260	195,965
Constable Precinct 3	557,381	560,114	517,353	42,761
Constable Precinct 4	543,026	549,580	515,384	34,196
Sheriff's Fund	10,999,694	10,889,157	10,682,049	207,108
Jail Expense	12,263,954	12,181,156	12,104,091	77,065
911 Regional Call Center	2,838,902	2,292,829	2,282,926	9,903
FWSD #1C - Windmill Farms	1,047,577	1,050,087	704,907	345,180
Highway Patrol	133,165	133,424	129,846	3,578
DPS License and Weight	7,700	14,711	8,967	5,744
Juvenile Probation	<u>1,988,521</u>	<u>1,957,461</u>	<u>1,764,898</u>	<u>192,563</u>
Total Public Safety	<u>33,220,851</u>	<u>32,408,259</u>	<u>31,244,455</u>	<u>1,163,804</u>
Judicial				
County Judge	445,862	465,390	438,107	27,283
County Court at Law #2	594,970	623,701	605,226	18,475
County Court at Law #1	531,204	533,130	503,679	29,451
Public Defender	830,583	639,751	589,341	50,410
422nd District Court	303,413	291,838	278,903	12,935
District Attorney	4,358,079	4,221,447	4,120,088	101,359
Pretrial Diversion	429,669	406,871	383,161	23,710
86th District Court	347,147	348,870	304,622	44,248
Justice of the Peace #1	375,613	365,981	359,687	6,294
Justice of the Peace #2	377,660	378,028	360,392	17,636
Justice of the Peace #3	378,113	379,898	375,381	4,517
Justice of the Peace #4	395,353	376,542	356,319	20,223
Jury Fund	54,600	85,572	72,846	12,726
Charities Poor and Relief	<u>895,200</u>	<u>1,202,560</u>	<u>1,178,153</u>	<u>24,407</u>
Total Judicial	<u>10,317,466</u>	<u>10,319,579</u>	<u>9,925,905</u>	<u>393,674</u>
Community Services				
General Government -				
Community Services	454,500	487,900	487,511	389
Precinct 1 Solid Waste	447,882	447,974	432,234	15,740
Library	<u>373,240</u>	<u>379,177</u>	<u>354,843</u>	<u>24,334</u>
Total Community Services	<u>1,275,622</u>	<u>1,315,051</u>	<u>1,274,588</u>	<u>40,463</u>

KAUFMAN COUNTY, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Infrastructure and Environmental Services				
Public Works	\$ 1,271,268	\$ 1,145,435	\$ 1,090,246	\$ 55,189
Lake Dam Maintenance	54,373	1,248,588	1,044,142	204,446
Total Infrastructure and Environmental Services	<u>1,325,641</u>	<u>2,394,023</u>	<u>2,134,388</u>	<u>259,635</u>
Health and Human Services				
General Government - Health and Human Services	162,344	162,344	162,038	306
Indigent Health Care	544,398	545,000	480,883	64,117
Total Health and Human Services	<u>706,742</u>	<u>707,344</u>	<u>642,921</u>	<u>64,423</u>
Capital outlay	3,364,542	4,915,267	7,340,534	(2,425,267)
Debt service:				
Principal	1,741,331	1,827,239	1,726,669	100,570
Interest and fiscal charges	30,432	67,576	117,664	(50,088)
Total expenditures	<u>68,565,307</u>	<u>72,742,753</u>	<u>72,083,018</u>	<u>659,735</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,391,563)</u>	<u>(5,155,112)</u>	<u>(7,435,983)</u>	<u>(2,280,871)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	100,000	139,768	39,918	(99,850)
Insurance recoveries	50,000	207,013	157,014	(49,999)
Transfers in	100	100	-	(100)
Transfers out	(12,013)	(43,488)	(61,928)	(18,440)
Issuance of leases/SBITAs	-	-	2,499,053	2,499,053
Total other financing sources (uses)	<u>138,087</u>	<u>303,393</u>	<u>2,634,057</u>	<u>2,330,664</u>
NET CHANGE IN FUND BALANCES	(4,253,476)	(4,851,719)	(4,801,926)	49,793
FUND BALANCES, BEGINNING	<u>18,353,914</u>	<u>18,353,914</u>	<u>18,353,914</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 14,100,438</u>	<u>\$ 13,502,195</u>	<u>\$ 13,551,988</u>	<u>\$ 49,793</u>

KAUFMAN COUNTY, TEXAS

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

GENERAL ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 13,276,960	\$ 13,276,960	\$ 13,241,626	\$ (35,334)
Fees of office	2,944,000	2,934,000	3,538,613	604,613
Charges for service	80,000	1,037,594	1,214,527	176,933
Intergovernmental	245,000	373,150	379,200	6,050
Investment income	18,100	18,100	316,773	298,673
Miscellaneous	4,900	9,809	9,812	3
Total revenues	<u>16,568,960</u>	<u>17,649,613</u>	<u>18,700,551</u>	<u>1,050,938</u>
EXPENDITURES				
Current:				
Infrastructure and Environmental				
Precinct 1	5,226,061	5,031,342	3,093,276	1,938,066
Precinct 2	2,727,693	3,619,568	2,363,129	1,256,439
Precinct 3	4,073,620	4,022,432	3,212,877	809,555
Precinct 4	6,574,004	6,742,201	3,920,634	2,821,567
Capital outlay	1,284,945	2,338,750	2,339,878	(1,128)
Debt service				
Principal	877,408	832,657	784,598	48,059
Interest and fiscal charges	19,086	69,606	94,661	(25,055)
Total expenditures	<u>20,782,817</u>	<u>22,656,556</u>	<u>15,809,053</u>	<u>6,847,503</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,213,857)</u>	<u>(5,006,943)</u>	<u>2,891,498</u>	<u>7,898,441</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	60,000	257,965	204,900	(53,065)
Insurance recoveries	-	24,813	24,813	-
Transfers in	-	8,135	8,436	301
Issuance of leases/SBITAs	-	-	297,002	297,002
Total other financing sources (uses)	<u>60,000</u>	<u>290,913</u>	<u>535,151</u>	<u>244,238</u>
NET CHANGE IN FUND BALANCES	<u>(4,153,857)</u>	<u>(4,716,030)</u>	<u>3,426,649</u>	<u>8,142,679</u>
FUND BALANCES, BEGINNING	<u>6,233,132</u>	<u>6,233,132</u>	<u>6,233,132</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,079,275</u>	<u>\$ 1,517,102</u>	<u>\$ 9,659,781</u>	<u>\$ 8,142,679</u>

KAUFMAN COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial report:

1. The County Judge has departmental meetings with management to determine the departmental budget requests.
2. The County Judge submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The operational budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. After the public hearings, the Commissioners' Court reviews the budget and makes any adjustments they feel necessary.
5. The budget is then legally enacted by the Commissioners' Court on or before October 1.

Only the governing body, composed of the Commissioners' Court, may amend the budget after its adoption so long as the amendment continues to meet the requirements of Section 111 of the *Local Government Code*. During the year, several supplementary amendments to the original budget were required. Individual amendments were not material in relation to the original appropriations, and all amendments were legally made. The County's budget authorizes expenditures for all governmental fund types. The County's legally adopted budget is at the department level in those funds with multiple departments and at the fund level in single department funds. All budgets are fixed in nature. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budget appropriations lapse at year-end. Annual appropriated budgets are adopted for the General, General Road and Bridge Funds and Debt Service Funds.

**COMBINING
STATEMENTS AND SCHEDULES**

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue			
	Sheriff Federal Forfeitures	Sheriff State Forfeitures	District Attorney Forfeitures	Law Library
ASSETS				
Cash and cash equivalents	\$ 62,122	\$ 37,848	\$ 112,669	\$ 192,931
Prepaid items	-	-	-	-
Total assets	62,122	37,848	112,669	192,931
LIABILITIES				
Liabilities:				
Accounts payable	8,190	-	7,666	500
Accrued liabilities	-	-	-	614
Unearned revenue	-	-	-	-
Total liabilities	8,190	-	7,666	1,114
FUND BALANCES				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public safety	53,932	37,848	-	-
Judicial	-	-	105,003	191,817
Fire code enforcement	-	-	-	-
Historical preservation	-	-	-	-
Records management and preservation	-	-	-	-
Court technology and security	-	-	-	-
Other purposes	-	-	-	-
Total fund balances	53,932	37,848	105,003	191,817
Total liabilities, deferred inflows of resources, and fund balances	\$ 62,122	\$ 37,848	\$ 112,669	\$ 192,931

Special Revenue

Voter Registration	Appellate Justice System	Records Management	Library Memorials	Courthouse Security	Records Management and Preservation
\$ 1,400	\$ 39,460	\$ 499,885	\$ 2,596	\$ 259,401	\$ 112,482
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,400</u>	<u>39,460</u>	<u>499,885</u>	<u>2,596</u>	<u>259,401</u>	<u>112,482</u>
300	31,650	304	964	9,499	-
<u>-</u>	<u>-</u>	<u>2,535</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>300</u>	<u>31,650</u>	<u>2,839</u>	<u>964</u>	<u>9,499</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	7,810	-	-	-	-
-	-	-	-	-	-
-	-	-	1,632	-	-
-	-	497,046	-	-	112,482
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,902</u>	<u>-</u>
<u>1,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,100</u>	<u>7,810</u>	<u>497,046</u>	<u>1,632</u>	<u>249,902</u>	<u>112,482</u>
<u>\$ 1,400</u>	<u>\$ 39,460</u>	<u>\$ 499,885</u>	<u>\$ 2,596</u>	<u>\$ 259,401</u>	<u>\$ 112,482</u>

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue			
	District Clerk Records Management and Preservation	Fire Code	CCL Diversion Court	422nd Diversion Court
ASSETS				
Cash and cash equivalents	\$ 159,267	\$ 1,176,774	\$ 51,514	\$ 61,978
Prepaid items	-	550	-	-
Total assets	<u>159,267</u>	<u>1,177,324</u>	<u>51,514</u>	<u>61,978</u>
LIABILITIES				
Liabilities:				
Accounts payable	47,418	15,750	-	-
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>47,418</u>	<u>15,750</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	550	-	-
Restricted for:				
Public safety	-	-	-	-
Judicial	-	-	51,514	61,978
Fire code enforcement	-	1,161,024	-	-
Historical preservation	-	-	-	-
Records management and preservation	111,849	-	-	-
Court technology and security	-	-	-	-
Other purposes	-	-	-	-
Total fund balances	<u>111,849</u>	<u>1,161,574</u>	<u>51,514</u>	<u>61,978</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>159,267</u>	\$ <u>1,177,324</u>	\$ <u>51,514</u>	\$ <u>61,978</u>

Special Revenue

Constable Pct. 4 Forfeitures	Justice Court Building Security	Juror Reimbursements	Historical Society	Juvenile Case Manager	LEOSE Training
\$ 6,981	\$ 13,829	\$ 25,724	\$ 30,460	\$ 1,963	\$ 44,661
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,981</u>	<u>13,829</u>	<u>25,724</u>	<u>30,460</u>	<u>1,963</u>	<u>44,661</u>
-	-	15,914	-	-	500
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>15,914</u>	<u>-</u>	<u>-</u>	<u>500</u>
-	-	-	-	-	-
6,981	-	-	-	1,963	44,161
-	-	9,810	-	-	-
-	-	-	30,460	-	-
-	-	-	-	-	-
-	13,829	-	-	-	-
<u>-</u>	<u>13,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,981</u>	<u>13,829</u>	<u>9,810</u>	<u>30,460</u>	<u>1,963</u>	<u>44,161</u>
<u>\$ 6,981</u>	<u>\$ 13,829</u>	<u>\$ 25,724</u>	<u>\$ 30,460</u>	<u>\$ 1,963</u>	<u>\$ 44,661</u>

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue			
	County and District Court Technology	JP Technology	Records Archive	SCAAP Grant
ASSETS				
Cash and cash equivalents	\$ 2,834	\$ 149,104	\$ 781,485	\$ 72,439
Prepaid items	-	550	-	-
Total assets	<u>2,834</u>	<u>149,654</u>	<u>781,485</u>	<u>72,439</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	-	19,313	-
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	5,701
Total liabilities	<u>-</u>	<u>-</u>	<u>19,313</u>	<u>5,701</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	550	-	-
Restricted for:				
Public safety	-	-	-	66,738
Judicial	-	-	-	-
Fire code enforcement	-	-	-	-
Historical preservation	-	-	-	-
Records management and preservation	-	-	762,172	-
Court technology and security	2,834	149,104	-	-
Other purposes	-	-	-	-
Total fund balances	<u>2,834</u>	<u>149,654</u>	<u>762,172</u>	<u>66,738</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,834</u>	 <u>\$ 149,654</u>	 <u>\$ 781,485</u>	 <u>\$ 72,439</u>

Special Revenue

Tax Assessor/ Collector Administration Fees	Air Quality Grant	HAVA CARES & Security Grant	Local Truancy Prevention & Diversion	D.A. Pre-Trial Diversion Fund	Pct #2 Constable Siezure Act Fund	TWDB FIF Escrow
\$ 72,419	\$ 2,558	\$ -	\$ 71,148	\$ 87,667	\$ 5,405	\$ 41,930
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>72,419</u>	<u>2,558</u>	<u>-</u>	<u>71,148</u>	<u>87,667</u>	<u>5,405</u>	<u>41,930</u>
249	-	-	-	3,841	-	-
-	-	-	-	-	-	32,915
-	-	-	-	-	-	-
<u>249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,841</u>	<u>-</u>	<u>32,915</u>
-	-	-	-	-	-	-
-	2,558	-	71,148	83,826	5,405	9,015
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>72,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>72,170</u>	<u>2,558</u>	<u>-</u>	<u>71,148</u>	<u>83,826</u>	<u>5,405</u>	<u>9,015</u>
<u>\$ 72,419</u>	<u>\$ 2,558</u>	<u>\$ -</u>	<u>\$ 71,148</u>	<u>\$ 87,667</u>	<u>\$ 5,405</u>	<u>\$ 41,930</u>

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KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>Special Revenue</u>	
	<u>Court Facility Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 101,538	\$ 4,282,472
Prepaid items	-	1,100
Total assets	<u>101,538</u>	<u>4,283,572</u>
LIABILITIES		
Liabilities:		
Accounts payable	-	162,058
Accrued liabilities	-	36,064
Unearned revenue	-	5,701
Total liabilities	<u>-</u>	<u>203,823</u>
FUND BALANCES		
Nonspendable:		
Prepaid items	-	1,100
Restricted for:		
Public safety	101,538	485,113
Judicial	-	427,932
Fire code enforcement	-	1,161,024
Historical preservation	-	32,092
Records management and preservation	-	1,483,549
Court technology and security	-	415,669
Other purposes	-	73,270
Total fund balances	<u>101,538</u>	<u>4,079,749</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 101,538</u>	 <u>\$ 4,283,572</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue			
	Sheriff Federal Forfeitures	Sheriff State Forfeitures	District Attorney Forfeitures	Law Library
REVENUES				
License and permits	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	123,711
Charges for services	-	-	-	-
Forfeitures	32,949	45,957	90,190	-
Intergovernmental	-	-	-	-
Investment income	-	-	-	142
Miscellaneous	-	7,500	-	-
Total revenues	32,949	53,457	90,190	123,853
EXPENDITURES				
General government	-	-	-	-
Public safety and corrections	93,236	75,044	-	-
Judicial	-	-	85,321	65,231
Infrastructure and environmental	-	-	-	-
Debt service:				
Principal	-	-	-	24,053
Interest	-	-	-	1,818
Capital outlay	-	-	-	-
Total expenditures	93,236	75,044	85,321	91,102
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(60,287)	(21,587)	4,869	32,751
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	51
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	51
NET CHANGE IN FUND BALANCES	(60,287)	(21,587)	4,869	32,802
FUND BALANCES, BEGINNING	114,219	59,435	100,134	159,015
FUND BALANCES, ENDING	\$ 53,932	\$ 37,848	\$ 105,003	\$ 191,817

Special Revenue

Voter Registration	Appellate Justice System	Records Management	Library Memorials	Courthouse Security	Records Management and Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	15,825	414,970	-	126,771	1,657
-	-	-	-	-	-
-	-	-	-	-	-
12,280	-	-	-	-	-
-	-	448	-	261	103
-	-	-	1,720	-	-
<u>12,280</u>	<u>15,825</u>	<u>415,418</u>	<u>1,720</u>	<u>127,032</u>	<u>1,760</u>
12,280	-	639,216	7,080	-	-
-	-	-	-	-	-
-	31,650	-	-	163,658	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,280</u>	<u>31,650</u>	<u>639,216</u>	<u>7,080</u>	<u>163,658</u>	<u>-</u>
<u>-</u>	<u>(15,825)</u>	<u>(223,798)</u>	<u>(5,360)</u>	<u>(36,626)</u>	<u>1,760</u>
-	-	354	-	-	-
-	-	-	-	-	-
-	-	<u>354</u>	-	-	-
-	(15,825)	(223,444)	(5,360)	(36,626)	1,760
<u>1,100</u>	<u>23,635</u>	<u>720,490</u>	<u>6,992</u>	<u>286,528</u>	<u>110,722</u>
<u>\$ 1,100</u>	<u>\$ 7,810</u>	<u>\$ 497,046</u>	<u>\$ 1,632</u>	<u>\$ 249,902</u>	<u>\$ 112,482</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue			
	District Clerk Records Management and Preservation	Fire Code	CCL Diversion Court	422nd Diversion Court
REVENUES				
License and permits	\$ -	\$ 278,002	\$ -	\$ -
Fees of office	98,743	-	1,395	2,980
Charges for services	-	-	-	-
Forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	166	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>98,909</u>	<u>278,002</u>	<u>1,395</u>	<u>2,980</u>
EXPENDITURES				
General government	145,121	-	-	-
Public safety and corrections	-	72,425	-	2,536
Judicial	-	-	-	-
Infrastructure and environmental	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	49	-	-
Capital outlay	-	12,451	-	-
Total expenditures	<u>145,121</u>	<u>84,925</u>	<u>-</u>	<u>2,536</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(46,212)</u>	<u>193,077</u>	<u>1,395</u>	<u>444</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	301	301
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>301</u>	<u>301</u>
NET CHANGE IN FUND BALANCES	(46,212)	193,077	1,696	745
FUND BALANCES, BEGINNING	<u>158,061</u>	<u>968,497</u>	<u>49,818</u>	<u>61,233</u>
FUND BALANCES, ENDING	<u>\$ 111,849</u>	<u>\$ 1,161,574</u>	<u>\$ 51,514</u>	<u>\$ 61,978</u>

Special Revenue

Constable Pct. 4 Forfeitures	Justice Court Building Security	Juror Reimbursements	Historical Society	Juvenile Case Manager	LEOSE Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	561	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7	-	52	1,045	-	11,918
-	-	9,951	-	-	-
<u>7</u>	<u>561</u>	<u>10,003</u>	<u>1,045</u>	<u>-</u>	<u>11,918</u>
-	-	-	14,323	-	-
-	-	-	-	-	17,025
-	-	90,390	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>90,390</u>	<u>14,323</u>	<u>-</u>	<u>17,025</u>
<u>7</u>	<u>561</u>	<u>(80,387)</u>	<u>(13,278)</u>	<u>-</u>	<u>(5,107)</u>
-	-	38,887	13,600	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>38,887</u>	<u>13,600</u>	<u>-</u>	<u>-</u>
7	561	(41,500)	322	-	(5,107)
<u>6,974</u>	<u>13,268</u>	<u>51,310</u>	<u>30,138</u>	<u>1,963</u>	<u>49,268</u>
<u>\$ 6,981</u>	<u>\$ 13,829</u>	<u>\$ 9,810</u>	<u>\$ 30,460</u>	<u>\$ 1,963</u>	<u>\$ 44,161</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue			
	District Court Technology	JP Technology	Records Archive	SCAAP Grant
REVENUES				
License and permits	\$ -	\$ -	\$ -	\$ -
Fees of office	2,833	16,187	380,760	-
Charges for services	-	-	-	-
Forfeitures	-	-	-	-
Intergovernmental	-	-	-	51,378
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>2,833</u>	<u>16,187</u>	<u>380,760</u>	<u>51,378</u>
EXPENDITURES				
General government	12,658	-	419,881	-
Public safety and corrections	-	-	-	17,868
Judicial	-	44,477	-	-
Infrastructure and environmental	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>12,658</u>	<u>44,477</u>	<u>419,881</u>	<u>17,868</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,825)</u>	<u>(28,290)</u>	<u>(39,121)</u>	<u>33,510</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(9,825)	(28,290)	(39,121)	33,510
FUND BALANCES, BEGINNING	<u>12,659</u>	<u>177,944</u>	<u>801,293</u>	<u>33,228</u>
FUND BALANCES, ENDING	<u>\$ 2,834</u>	<u>\$ 149,654</u>	<u>\$ 762,172</u>	<u>\$ 66,738</u>

Special Revenue						
Tax Assessor/Collector Administration Fees	Air Quality Grant	HAVA CARES & Security Grant	Local Truancy Prevention & Diversion	D.A. Pre-Trial Diversion Fund	Constable Siezure Act Fund	TWDB FIF Escrow
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	36,718	-	-
-	-	-	-	-	-	95,746
21,195	-	-	17,368	-	-	-
-	-	2	-	70	7	154
-	-	-	-	-	5,863	-
<u>21,195</u>	<u>-</u>	<u>2</u>	<u>17,368</u>	<u>36,788</u>	<u>5,870</u>	<u>95,900</u>
-	-	-	-	-	-	-
-	-	-	-	-	8,340	-
-	-	-	-	5,297	-	-
-	-	-	-	-	-	129,298
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,297</u>	<u>8,340</u>	<u>129,298</u>
<u>21,195</u>	<u>-</u>	<u>2</u>	<u>17,368</u>	<u>31,491</u>	<u>(2,470)</u>	<u>(33,398)</u>
-	-	-	-	-	-	95,746
<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,746)</u>
<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
21,195	-	-	17,368	31,491	(2,470)	(33,398)
<u>50,975</u>	<u>2,558</u>	<u>-</u>	<u>53,780</u>	<u>52,335</u>	<u>7,875</u>	<u>42,413</u>
<u>\$ 72,170</u>	<u>\$ 2,558</u>	<u>\$ -</u>	<u>\$ 71,148</u>	<u>\$ 83,826</u>	<u>\$ 5,405</u>	<u>\$ 9,015</u>

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KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Special Revenue Court Facility Fund</u>	<u>Total Other Governmental Funds</u>
REVENUES		
License and permits	\$ -	\$ 278,002
Fees of office	62,458	1,285,569
Charges for services	-	95,746
Forfeitures	-	169,096
Intergovernmental	-	114,139
Investment income	-	2,457
Miscellaneous	-	25,034
Total revenues	<u>62,458</u>	<u>1,970,043</u>
EXPENDITURES		
General government	-	1,250,559
Public safety and corrections	-	286,474
Judicial	-	486,024
Infrastructure and environmental	-	129,298
Debt service:		
Principal	-	24,053
Interest	-	1,867
Capital outlay	-	12,451
Total expenditures	<u>-</u>	<u>2,190,726</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>62,458</u>	<u>(220,683)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	149,240
Transfers out	-	(95,748)
Total other financing sources (uses)	<u>-</u>	<u>53,492</u>
NET CHANGE IN FUND BALANCES	62,458	(167,191)
FUND BALANCES, BEGINNING	<u>39,080</u>	<u>4,246,940</u>
FUND BALANCES, ENDING	<u>\$ 101,538</u>	<u>\$ 4,079,749</u>

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KAUFMAN COUNTY, TEXAS

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

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 11,173,760	\$ 11,173,760	\$ 12,579,199	\$ 1,405,439
Investment income	4,000	4,000	78,695	74,695
Total revenues	<u>11,177,760</u>	<u>11,177,760</u>	<u>12,657,894</u>	<u>1,480,134</u>
EXPENDITURES				
Debt service				
Principal	3,053,850	3,053,850	3,053,850	-
Interest and fiscal charges	8,143,910	8,143,910	8,127,011	16,899
Total expenditures	<u>11,197,760</u>	<u>11,197,760</u>	<u>11,180,861</u>	<u>16,899</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,000)</u>	<u>(20,000)</u>	<u>1,477,033</u>	<u>1,497,033</u>
FUND BALANCES, BEGINNING	<u>3,370,071</u>	<u>3,370,071</u>	<u>3,370,071</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,350,071</u>	<u>\$ 3,350,071</u>	<u>\$ 4,847,104</u>	<u>\$ 1,497,033</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

	Custodial funds				
	District Clerk	County Clerk	Childrens' Shelter	Adult Probation	Juvenile Probation
ASSETS					
Cash and cash equivalents	\$ 7,125,530	\$ 1,845,099	\$ 300	\$ 876,428	\$ 113,097
Accounts receivable	-	-	37,288	-	232,056
Total assets	<u>7,125,530</u>	<u>1,845,099</u>	<u>37,588</u>	<u>876,428</u>	<u>345,153</u>
LIABILITIES					
Accounts payable	-	-	37,588	254,309	148,508
Total liabilities	<u>-</u>	<u>-</u>	<u>37,588</u>	<u>254,309</u>	<u>148,508</u>
NET POSITION					
Restricted for:					
Pool participants	7,125,530	1,845,099	-	-	-
Individuals and organizations	-	-	-	622,119	196,645
Total net position	<u>\$ 7,125,530</u>	<u>\$ 1,845,099</u>	<u>\$ -</u>	<u>\$ 622,119</u>	<u>\$ 196,645</u>

Custodial funds

Tax Assessor Collector	Employee Savings	Justice of the Peace	Veteran's Court	County District Attorney	Sheriff Office	Bail Bond	Total Custodial Funds
\$ 3,254,195	\$ 577,793	\$ 133,835	\$ 13,346	\$ 201,257	\$ 830,437	\$ 517,770	\$ 15,489,087
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,344</u>
<u>3,254,195</u>	<u>577,793</u>	<u>133,835</u>	<u>13,346</u>	<u>201,257</u>	<u>830,437</u>	<u>517,770</u>	<u>15,758,431</u>
<u>-</u>	<u>577,793</u>	<u>114,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,000</u>	<u>1,634,864</u>
<u>-</u>	<u>577,793</u>	<u>114,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,000</u>	<u>1,634,864</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,970,629</u>
<u>3,254,195</u>	<u>-</u>	<u>19,169</u>	<u>13,346</u>	<u>201,257</u>	<u>830,437</u>	<u>15,770</u>	<u>5,152,938</u>
<u>\$ 3,254,195</u>	<u>\$ -</u>	<u>\$ 19,169</u>	<u>\$ 13,346</u>	<u>\$ 201,257</u>	<u>\$ 830,437</u>	<u>\$ 15,770</u>	<u>\$ 14,123,567</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds				
	District Clerk	County Clerk	Childrens' Shelter	Adult Probation	Juvenile Probation
INCREASES					
Contributions from judgements	\$ 8,661,846	\$ 631,134	\$ -	\$ -	\$ -
Bonds received	-	-	-	-	-
Court fees	-	-	-	-	-
Deposits held	-	-	-	-	-
Operational revenues	-	-	579,074	-	1,515,432
Taxes collected on behalf of taxing entities	-	-	-	-	-
Interest income	79	2,157	-	421	198
Probation revenues	-	-	-	1,376,997	927,859
Total increases	<u>8,661,925</u>	<u>633,291</u>	<u>579,074</u>	<u>1,377,418</u>	<u>2,443,489</u>
DECREASES					
Collections distributed	-	-	-	-	-
Deposits returned	-	-	-	-	-
Disbursements to beneficiaries	7,856,344	431,023	-	-	-
Taxes disbursed to taxing entities	-	-	-	-	-
Operational expenses	-	-	599,597	1,562,530	2,429,037
Total decreases	<u>7,856,344</u>	<u>431,023</u>	<u>599,597</u>	<u>1,562,530</u>	<u>2,429,037</u>
Net increase (decrease) in fiduciary net position	805,581	202,268	(20,523)	(185,112)	14,452
Net position - beginning	<u>6,319,949</u>	<u>1,642,831</u>	<u>20,523</u>	<u>807,231</u>	<u>182,193</u>
Net position - ending	<u>\$ 7,125,530</u>	<u>\$ 1,845,099</u>	<u>\$ -</u>	<u>\$ 622,119</u>	<u>\$ 196,645</u>

Custodial Funds

Tax Assessor Collector	Employee Savings	Justice of the Peace	Veteran's Court	County District Attorney	Sheriff Office	Bail Bond	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,292,980
-	-	-	-	-	-	4,440	4,440
-	-	1,481,145	-	-	-	-	1,481,145
-	-	-	-	699,799	2,662,884	-	3,362,683
-	-	-	2,775	-	-	-	2,097,281
482,928,420	-	-	-	-	-	-	482,928,420
9,284	-	149	-	50	17	-	12,355
-	-	-	-	-	-	-	2,304,856
<u>482,937,704</u>	<u>-</u>	<u>1,481,294</u>	<u>2,775</u>	<u>699,849</u>	<u>2,662,901</u>	<u>4,440</u>	<u>501,484,160</u>
-	-	1,485,078	-	733,089	-	-	2,218,167
-	-	-	-	-	2,766,628	-	2,766,628
-	-	-	-	-	-	-	8,287,367
482,327,600	-	-	-	-	-	-	482,327,600
-	-	-	-	-	-	-	4,591,164
<u>482,327,600</u>	<u>-</u>	<u>1,485,078</u>	<u>-</u>	<u>733,089</u>	<u>2,766,628</u>	<u>-</u>	<u>500,190,926</u>
610,104	-	(3,784)	2,775	(33,240)	(103,727)	4,440	1,293,234
<u>2,644,091</u>	<u>-</u>	<u>22,953</u>	<u>10,571</u>	<u>234,497</u>	<u>934,164</u>	<u>11,330</u>	<u>12,830,333</u>
<u>\$ 3,254,195</u>	<u>\$ -</u>	<u>\$ 19,169</u>	<u>\$ 13,346</u>	<u>\$ 201,257</u>	<u>\$ 830,437</u>	<u>\$ 15,770</u>	<u>\$ 14,123,567</u>

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