



Financial Statements  
September 30, 2023  
Taylor County, Texas

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## Independent Auditor's Report

The Honorable Judge and Members of the Commissioners Court  
Taylor County, Texas  
Abilene, 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 Taylor County, Texas, (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Taylor County, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Taylor 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.

#### **Adoption of New Accounting Standard**

As discussed in Notes 1 and 17 to the financial statements, the County has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which has resulted in a restatement of the governmental activities' net position as of October 1, 2022. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information together with the schedule of changes in net pension liability and related ratios, the schedule of employer contributions, and the schedule of changes in total OPEB liability and related ratios on pages 5-13 and 66-74 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 Taylor County, Texas's basic financial statements. The combining nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of expenditures of state awards, as required by the State of Texas Single Audit Circular 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 GAAS. In our opinion, the combining nonmajor fund financial statements, schedule of expenditures of federal awards, and schedule of expenditures of state awards 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 April 3, 2024, on our consideration of Taylor County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Taylor County, Texas's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
April 3, 2024

This section of Taylor County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the County's financial statements.

### **FINANCIAL HIGHLIGHTS**

- Taylor County's total combined net position was \$70.95 million at September 30, 2023. This represents a decrease of \$965 thousand from September 30, 2022. Of this amount, \$24.5 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- During the year, the County's expenses were \$964 thousand more than the \$83.8 million generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$34.8 million; \$34.3 million is available for spending at the government's discretion.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-Wide Statements**

The government-wide statements are designed to provide readers with a broad overview of Taylor County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (Page 14) presents information on all of Taylor County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether Taylor County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors. The Statement of Activities (Page 15) presents information showing how the government'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.

Net position – the difference between the County's assets and liabilities – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

Both of these government-wide financial statements are designed to distinguish functions of Taylor County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, highways and streets, sanitation, economic development, culture and recreation. These activities are financed primarily by property taxes and grants. The County does not have any business-type activities.

### **Fund Financial Statements**

The Fund Financial Statements provide more detailed information about Taylor County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. Taylor County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes.

The County has three types of funds:

- **Governmental funds**—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. 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. These reconciliations can be found on Pages 17 and 19 of the basic financial statements section.

The County maintains fifty-one individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, road and bridge fund, courthouse restoration fund, and the ARPA local recovery fund, all of which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided in the Required Supplementary section to demonstrate compliance with this budget.

- **Proprietary funds** – Proprietary funds consist of two types of funds, enterprise and internal service funds. At this time, Taylor County has no enterprise funds. Internal service funds report activities that provide services and supplies for the County's other programs and activities. The individual internal service funds are combined into a single aggregate presentation in the proprietary fund financial statements on Pages 21-23. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

- Fiduciary funds – The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Page 24 and Statement of Changes in Fiduciary Fund Net Position on Page 25. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

#### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Taylor County's combined net position was approximately \$70.9 million at September 30, 2023. The largest portion of the County's net position (52%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net position (13%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.

	Governmental Activities	
	September 30, 2023	September 30, 2022 (restated)
Current and Other Assets	\$ 82,283,272	\$ 96,019,833
Capital Assets	87,005,452	84,708,226
Total assets	169,288,724	180,728,059
Deferred Outflows of Resources	10,677,846	10,673,635
Current Liabilities	23,702,043	26,192,356
Long Term Liabilities	78,628,133	71,437,408
Total liabilities	102,330,176	97,629,764
Deferred Inflows of Resources	6,682,062	21,853,557
Net Position		
Net Investment in Capital Assets	36,985,675	32,669,397
Restricted	9,432,227	8,029,243
Unrestricted	24,536,430	31,219,733
Total net position	\$ 70,954,332	\$ 71,918,373

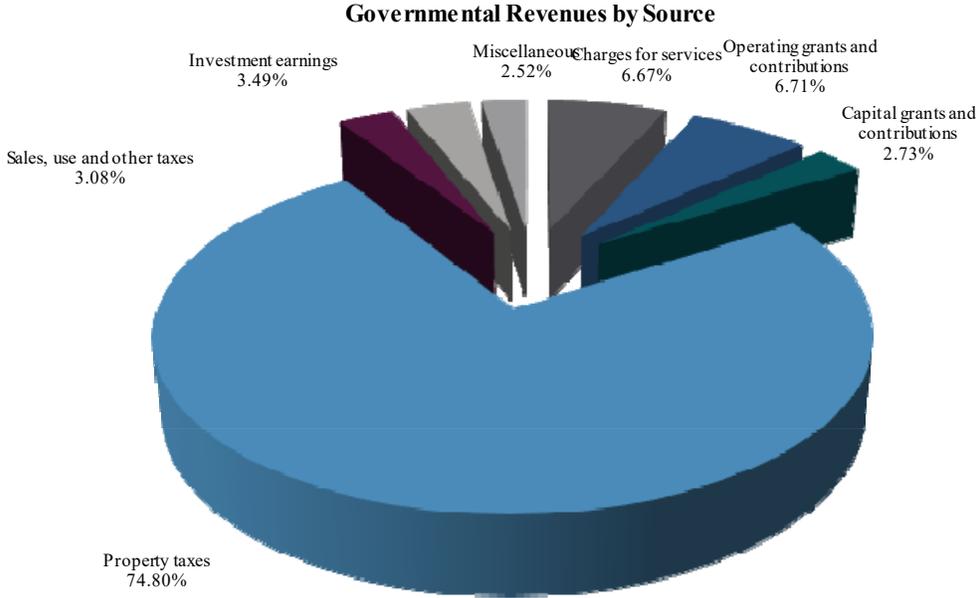
**Changes in Net Position**

Taylor County's net position decreased by approximately \$964 thousand during the current fiscal year.

	Governmental Activities	
	September 30, 2023	September 30, 2022 (restated)
Revenues		
Program revenues		
Charges for services	\$ 5,587,609	\$ 7,509,931
Operating grants and contributions	5,622,958	10,352,232
Capital grants and contributions	2,286,784	379,052
General revenues		
Property taxes	62,714,952	58,981,419
Sales and use and other taxes	2,579,182	2,482,170
Investment earnings	2,924,528	693,507
Miscellaneous revenue	2,111,731	1,732,977
Gain on sale of capital assets	-	-
Total revenues	83,827,744	82,131,288
Expenses		
General government	6,093,561	5,404,545
Financial administration	3,370,144	2,844,849
Judicial	11,200,061	9,721,890
Legal	4,590,531	3,725,247
Elections	1,125,315	1,005,053
Public facilities	5,662,537	6,521,851
Public safety	40,799,408	34,347,190
Road and bridge	5,467,192	5,052,458
Health and welfare	3,752,948	3,722,443
Conservation	663,288	571,609
Culture and recreation	34,900	30,452
Interest on long-term debt	2,031,900	2,174,738
Other debt service cost	-	-
Total expenses	84,791,785	75,122,325
Change in net position	(964,041)	7,008,963
Beginning net position, restated	71,918,373	64,910,999
Ending net position	\$ 70,954,332	\$ 71,919,962

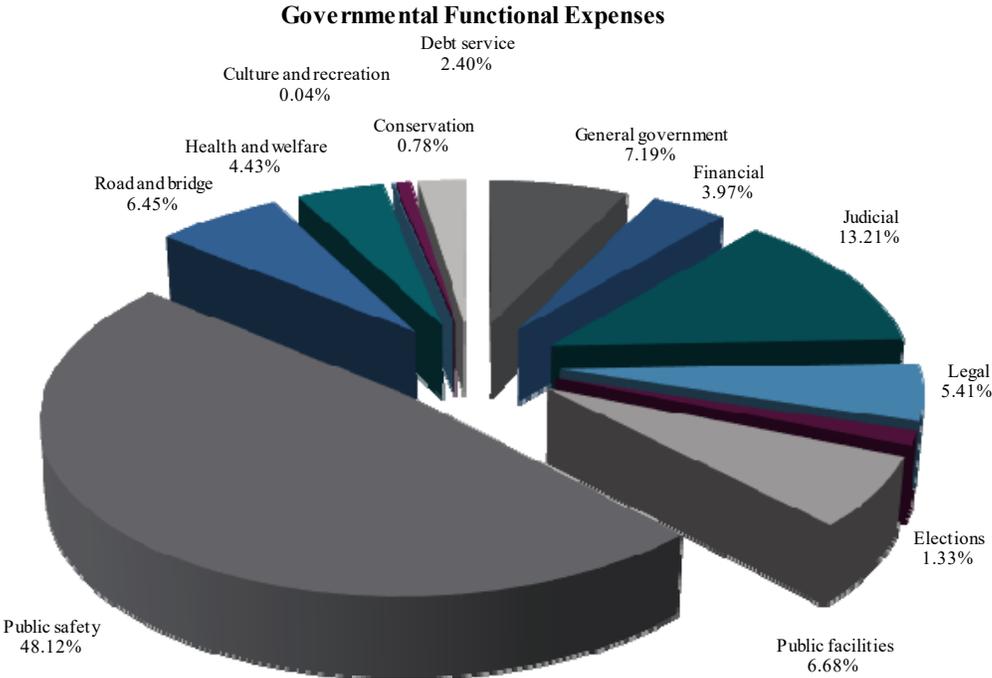
**Governmental Activities**

Total revenues for the fiscal year ending September 30, 2023 were \$83.8 million. Approximately 78% of the County's revenue comes from taxes, with approximately 75% from property taxes alone. Property tax revenue as a percentage of total revenue increased by 1% compared to the prior year due to an increase in grant revenues from ARPA.



The total cost for all programs and services totaled \$84.8 million for the year ended September 30, 2023. Of this amount, the largest operating services areas were public safety which totaled \$40.8 million or 48% of total expenses for the year, and judicial services which totaled \$11.2 million, or 13% of total expenses for the year. In the prior year, these two operating areas comprised 61% of total expenses. Costs related to general government (7%) continued to absorb a significant percentage of the County’s total expenses for the current year.

Total expenses increased by \$9.6 million from the prior year.



**FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS**

As of the end of the fiscal year, Taylor County’s governmental funds reported a combined fund balance of \$59.4 million, an decrease of \$1,322,324 or 2.18% in comparison with the prior year. Approximately 59% of this total amount (\$34.8 million) is unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is nonspendable, restricted or committed, to indicate that it is not available for new spending because it has already been restricted or committed to: 1) special purposes by virtue of special revenue funds (\$13.9 million), and retirement of bonded indebtedness (\$2.2 million).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$34.8 million. Approximately \$34.3 million is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 53% of total General Fund expenditures. Taylor County's General Fund balance decreased by \$2.3 million during the current fiscal year.

The Road and Bridge Fund accounts for County resources used to provide transportation services to County citizens. At the end of the fiscal year, the total fund balance was \$3 million. Approximately \$3 million is committed for road and bridge activities. Committed fund balance represents 60% of total Road and Bridge Fund expenditures. Fund balance increased by \$9 thousand during the current fiscal year.

The Courthouse Restoration Fund accounts for proceeds from long-term financing, expenditures related to authorized restoration of the county courthouse. At the end of the fiscal year, the total fund balance was \$8.2 million, all of which was restricted for capital projects. Fund balance decreased by \$604 thousand during the current fiscal year.

The ARPA Local Recovery Fund accounts for grant revenues and related expenses for the American Rescue Plan Act. At the end of the fiscal year, the total fund balance was 587 thousand, all of which was restricted for grant purposes. Fund balance increased by \$435 thousand during the current fiscal year.

### **General Fund Budgetary Highlights**

Over the course of the year, the County revised its budget several times. With these adjustments, actual expenditures were \$2.9 million below final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in most expenditure categories. Resources available were \$587 thousand more than the final budgeted amount. The revenue increases were primarily from increases in investment earnings.

### **Road and Bridge Fund Budgetary Highlights**

The County revised its Road and Bridge Fund budget several times. With these adjustments, actual expenditures were \$854 thousand below final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in most expenditure categories. Resources available were \$263 thousand more than the final budgeted amount. The revenue decreases were primarily from intergovernmental revenues not received.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2023, the County had invested \$87 million in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$2.1 million, or 2.6% over last year.

Major events affecting capital assets during the year were:

- Continuation of construction on the old Courthouse Restoration project.

More detailed information about the County's capital assets can be found in Note 6 on Page 41-42 of this report.

	Governmental Activities		Percent Change
	2023	2022 (restated)	
Land	\$ 2,115,788	\$ 2,115,788	0.00%
Construction in progress	8,661,623	2,872,925	201.49%
Buildings and improvements	140,688,068	139,557,041	0.81%
Furniture and equipment	12,867,753	12,010,004	7.14%
Vehicles and heavy equipment	16,533,439	15,489,269	6.74%
Infrastructure	70,512,665	70,512,665	0.00%
Right-to-use leased assets	537,620	209,496	156.63%
Right-to-use SBITA assets	112,458	31,959	251.88%
<b>Total</b>	<b>252,029,414</b>	<b>242,799,147</b>	<b>3.80%</b>
Total accumulated depreciation and amortization	(165,023,962)	(157,967,066)	4.47%
Net capital assets	\$ 87,005,452	\$ 84,832,081	2.56%

### Long-Term Debt

At the end of the year, the County had \$59.3 million of long-term obligations.

	Governmental Activities		Percent Change
	2023	2021 (restated)	
Bonds Payable	\$ 40,810,000	\$ 42,435,000	-4%
Premium on Bonds Payable	6,817,839	7,307,025	-7%
Tax Note and Certificates Payable	10,210,000	11,030,000	-7%
Leases Payable	398,226	117,826	0%
SBITAs Payable	30,335	33,548	0%
Compensated Absences	1,112,374	1,078,834	3%
<b>Total</b>	<b>\$ 59,378,774</b>	<b>\$ 62,002,233</b>	<b>-4%</b>

During the year, Taylor County's long-term obligations decreased by \$2.6 million.

The State limits the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation is \$2.3 billion, which is significantly higher than the County's outstanding general obligation debt.

More detailed information about the County's long-term liabilities can be found in Note 8 on Pages 44 – 47 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The net taxable appraised value used for the 2024 budget preparation is estimated to be up \$2.038 billion, or 13.21% from 2023. Total values for Taylor County, without adjustments, were up 11.9%.
- The Abilene Metro Area / Taylor County unemployment rate in September 2023 was 3.5%, compared to 43.2 % in September 2022. The State unemployment rate in September 2023 was 3.9%.
- Inflationary trends in the region compare favorably to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2024 fiscal year.

The combined tax rate established for 2023 is \$.5397. Taylor County adopted a rate above the No New Revenue Tax Rate but below the Voter Approval Rate for 2024. While the rate is lower than the previous year, the adopted rate represents an increase in taxes. These named rates are part of the Property Tax Reform passed by the 86th Texas Legislative Session.

Amounts available for appropriation in the General Fund budget are \$71,220,047, an increase of 8.9% over the 2022 budget of \$65,424,976. The majority of the increase is attributable to tax on new properties added to the tax roll, a 2-penny increase over the No New Revenue Rate, and estimated interest earnings based on current market conditions.

Budgeted expenditures rose approximately 6.75% to \$74,256,615. An all employee cost of living flat adjustment of \$4,500, the increased cost of health insurance, a significant one-time budgeted cost of replacing the roof at the county jail, the response to increased cost of goods and services, and the continued response of county operations were the largest contributing factors to the change in budgeted expenditures.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Taylor County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the Taylor County Auditor, 400 Oak Street, Suite 449, Abilene, TX 79602.

Taylor County, Texas  
Statement of Net Position (Exhibit A-1)  
September 30, 2023

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 49,852,730
Investments	26,963,341
Receivables (net of allowance for uncollectibles)	
Taxes	837,595
Other	4,535,071
Prepaid expenses and inventories	94,535
Capital assets	
Land	2,115,788
Construction in progress	8,661,623
Infrastructure, net	252,378
Buildings and improvements, net	63,296,058
Vehicles and heavy equipment, net	5,345,961
Furniture and equipment, net	6,860,619
Right to use leased assets, net	394,336
Right to use SBITA assets, net	78,689
Total assets	169,288,724
Deferred outflows of resources	
Deferred outflows of resources - pension	8,121,421
Deferred outflows of resources - OPEB	2,556,425
Total deferred outflows of resources	10,677,846
<b>Liabilities</b>	
Accounts payable and other current liabilities	2,828,695
Accrued interest payable	302,369
Payroll liabilities	1,409,098
Unearned revenues	16,450,862
Due to other governments	15,312
Noncurrent liabilities	
Due within one year	2,695,707
Due in more than one year	56,683,067
Net pension liability	12,205,633
Total OPEB liability	9,739,433
Total liabilities	102,330,176
Deferred inflows of resources	
Deferred inflows of resources - pension	1,275,821
Deferred inflows of resources - OPEB	5,406,241
Total deferred inflows of resources	6,682,062
<b>Net position</b>	
Net investment in capital assets	36,985,675
Restricted for	
Debt service	1,977,210
Grants	49,567
Technology	268,097
Security	482,122
Enabling legislation	5,992,876
Law enforcement	662,355
Unrestricted	24,536,430
Total net position	\$ 70,954,332

See Notes to Financial Statements

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 6,093,561	\$ 1,868,320	\$ 1,810,041	\$ 325,569
Financial	3,370,144	435,525	59,574	-
Judicial	11,200,061	1,146,699	4,964	-
Legal	4,590,531	13,796	52,114	-
Elections	1,125,315	127,476	144,589	-
Public facilities	5,662,537	4,355	-	1,668,092
Public safety	40,799,408	422,883	3,053,225	293,123
Road and bridge	5,467,192	1,512,413	488,745	-
Health and welfare	3,752,948	-	9,706	-
Conservation	663,288	56,142	-	-
Culture and recreation	34,900	-	-	-
Interest and fees on long-term debt	2,031,900	-	-	-
Total governmental activities	<u>84,791,785</u>	<u>5,587,609</u>	<u>5,622,958</u>	<u>2,286,784</u>
Total primary government	<u>\$ 84,791,785</u>	<u>\$ 5,587,609</u>	<u>\$ 5,622,958</u>	<u>\$ 2,286,784</u>

See Notes to Financial Statements

Taylor County, Texas  
Statement of Activities (Exhibit A-2)  
Year Ended September 30, 2023

	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
	Governmental Activities	Total
	\$ (2,089,631)	\$ (2,089,631)
	(2,875,045)	(2,875,045)
	(10,048,398)	(10,048,398)
	(4,524,621)	(4,524,621)
	(853,250)	(853,250)
	(3,990,090)	(3,990,090)
	(37,030,177)	(37,030,177)
	(3,466,034)	(3,466,034)
	(3,743,242)	(3,743,242)
	(607,146)	(607,146)
	(34,900)	(34,900)
	(2,031,900)	(2,031,900)
	(71,294,434)	(71,294,434)
	(71,294,434)	(71,294,434)
General revenues		
Property taxes, levied for general purposes	57,478,613	57,478,613
Property taxes, levied for debt purposes	5,236,339	5,236,339
Other taxes	2,579,182	2,579,182
Miscellaneous revenues	2,111,731	2,111,731
Investment earnings	2,924,528	2,924,528
	70,330,393	70,330,393
Total general revenues		
	(964,041)	(964,041)
Change in net position		
Net position at beginning of year, restated	71,919,962	71,919,962
	(1,589)	(1,589)
Prior period adjustment		
Net position at beginning of year, as restated	71,918,373	71,918,373
	\$ 70,954,332	\$ 70,954,332
Net position at end of year		

	General Fund	Road and Bridge Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 15,102,131	\$ 3,141,252
Investments	19,962,852	-
Receivables (net of allowance for uncollectibles)		
Property taxes	770,022	-
Other	1,600,314	93,376
Fines and fees	1,473,146	-
Due from other funds	65,727	20,680
Due from internal service funds	315,664	-
Inventories	2,583	-
Prepaid items	15,806	770
Total assets	<u>\$ 39,308,245</u>	<u>\$ 3,256,078</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable and other current liabilities	\$ 1,087,285	\$ 100,306
Payroll liabilities	1,288,833	87,721
Unearned revenues	-	-
Due to other funds	40,544	883
Due to other governments	13,518	-
Total liabilities	<u>2,430,180</u>	<u>188,910</u>
<b>Deferred inflows of resources</b>		
Unavailable revenue - property taxes	629,212	-
Unavailable revenue - fines and fees	1,473,146	-
Total deferred inflows of resources	<u>2,102,358</u>	<u>-</u>
<b>Fund balances</b>		
<b>Nonspendable</b>		
Inventories	2,583	-
Prepaid items	15,806	770
<b>Restricted for</b>		
Debt service	-	-
Capital projects	-	-
Grants	-	-
Technology	-	-
Security	-	-
Enabling legislation	-	-
Law enforcement	-	-
<b>Committed for</b>		
Road and bridge	-	3,066,398
Other purposes	486,031	-
Unassigned	34,271,287	-
Total fund balances	<u>34,775,707</u>	<u>3,067,168</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,308,245</u>	<u>\$ 3,256,078</u>

See Notes to Financial Statements

Taylor County, Texas  
Balance Sheet – Governmental Funds (Exhibit A-3)  
September 30, 2023

ARPA Local Recovery Fund	Courthouse Restoration Fund	Other Governmental Funds	Total Governmental Funds
\$ 17,168,179	\$ 3,944,974	\$ 9,570,623	\$ 48,927,159
-	3,976,632	3,023,857	26,963,341
-	-	67,573	837,595
40,725	947,414	202,810	2,884,639
-	-	-	1,473,146
-	-	243,843	330,250
-	-	-	315,664
-	-	74,876	77,459
-	-	500	17,076
<u>\$ 17,208,904</u>	<u>\$ 8,869,020</u>	<u>\$ 13,184,082</u>	<u>\$ 81,826,329</u>
\$ 159,071	\$ 622,397	\$ 75,440	\$ 2,044,499
-	-	32,544	1,409,098
16,426,825	-	24,037	16,450,862
36,018	-	252,805	330,250
-	-	1,794	15,312
<u>16,621,914</u>	<u>622,397</u>	<u>386,620</u>	<u>20,250,021</u>
-	-	54,354	683,566
-	-	-	1,473,146
-	-	54,354	2,156,712
-	-	74,876	77,459
-	-	500	17,076
-	-	2,225,225	2,225,225
-	8,246,623	-	8,246,623
-	-	49,567	49,567
-	-	268,097	268,097
-	-	482,122	482,122
-	-	5,992,876	5,992,876
-	-	662,355	662,355
-	-	-	3,066,398
-	-	3,003,517	3,489,548
586,990	-	(16,027)	34,842,250
<u>586,990</u>	<u>8,246,623</u>	<u>12,743,108</u>	<u>59,419,596</u>
<u>\$ 17,208,904</u>	<u>\$ 8,869,020</u>	<u>\$ 13,184,082</u>	<u>\$ 81,826,329</u>

Total Fund Balance-Governmental Funds	\$	59,419,596
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The County uses internal service funds to charge the costs of certain activities, such as self-insurance to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.

2,997

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Governmental capital assets	251,852,361	
Accumulated depreciation	<u>(164,846,909)</u>	87,005,452

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	(40,810,000)	
Premium on bonds and certificates payable	(6,817,839)	
Tax notes and certificates payable	(10,210,000)	
Leases payable	(398,226)	
SBITAs payable	(30,335)	
Accrued interest payable	(302,369)	
Compensated absences	(1,112,374)	
Net pension asset	(12,205,633)	
Total OPEB liability	<u>(9,739,433)</u>	(81,626,209)

Included in the items related to long-term liabilities is the recognition of the County's deferred outflow of resources, and deferred inflow of resources relating to its pension liability and OPEB liability.

Deferred inflow of resources - pension	(1,275,821)	
Deferred inflow of resources - OPEB	(5,406,241)	
Deferred outflow of resources - pension	8,121,421	
Deferred outflow of resources - OPEB	<u>2,556,425</u>	3,995,784

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

Unavailable revenue - office fees receivable	1,473,146	
Unavailable revenue - property taxes	<u>683,566</u>	<u>2,156,712</u>

Net Position of Governmental Activities-Statement of Net Position	<u>\$</u>	<u>70,954,332</u>
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	General Fund	Road and Bridge Fund
Revenues		
Taxes		
Property taxes	\$ 57,388,142	\$ -
Other taxes	871,241	1,707,941
License and permits	721,437	1,677,510
Intergovernmental and grants	1,941,181	-
Fines and fees	4,109,350	60,969
Rents and recoveries	5,585	-
Investment earnings	1,689,536	80,361
Miscellaneous	418,482	103,322
Total revenues	<u>67,144,954</u>	<u>3,630,103</u>
Expenditures		
Current		
General government	4,734,790	-
Financial	3,099,798	-
Judicial	10,653,452	-
Legal	4,173,194	-
Elections	573,551	-
Public facilities	1,769,727	-
Public safety	33,261,358	-
Road and bridge	-	4,521,546
Health and welfare	3,380,658	-
Conservation	609,024	-
Culture and recreation	34,900	-
Debt service		
Debt principal	125,782	-
Debt interest and agent fees	12,785	-
Capital outlay		
Capital outlay	<u>2,698,723</u>	<u>573,632</u>
Total expenditures	<u>65,127,742</u>	<u>5,095,178</u>
Excess (deficiency) of revenues over (under) expenditures	2,017,212	(1,465,075)
Other financing sources (uses)		
Transfers in	51,105	1,500,000
Transfers out	(4,833,044)	(25,440)
Proceeds from leases	388,399	-
Proceeds from SBITAs	17,031	-
Proceeds from sale of capital assets	25,575	-
Total other financing sources (uses)	<u>(4,350,934)</u>	<u>1,474,560</u>
Net change in fund balance	(2,333,722)	9,485
Fund balance at beginning of year	<u>37,109,429</u>	<u>3,057,683</u>
Fund balance at end of year	<u>\$ 34,775,707</u>	<u>\$ 3,067,168</u>

See Notes to Financial Statements

Taylor County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5)

Year Ended September 30, 2023

ARPA Local Recovery Fund	Courthouse Restoration Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,230,548	\$ 62,618,690
-	-	-	2,579,182
-	-	-	2,398,947
2,015,205	1,668,092	1,340,161	6,964,639
-	-	1,451,153	5,621,472
-	-	-	5,585
435,394	306,304	381,515	2,893,110
-	-	939,595	1,461,399
<u>2,450,599</u>	<u>1,974,396</u>	<u>9,342,972</u>	<u>84,543,024</u>
328,599	103	179,717	5,243,209
59,574	-	-	3,159,372
4,964	-	60,111	10,718,527
-	-	62,459	4,235,653
-	-	85,551	659,102
-	-	-	1,769,727
993,420	-	2,128,714	36,383,492
-	-	39,681	4,561,227
9,706	-	263,050	3,653,414
-	-	-	609,024
-	-	-	34,900
62,468	-	2,445,000	2,633,250
250	-	2,522,474	2,535,509
<u>618,692</u>	<u>5,639,193</u>	<u>135,297</u>	<u>9,665,537</u>
<u>2,077,673</u>	<u>5,639,296</u>	<u>7,922,054</u>	<u>85,861,943</u>
372,926	(3,664,900)	1,420,918	(1,318,919)
-	3,025,000	-	4,576,105
-	-	(250,000)	(5,108,484)
-	-	-	388,399
62,468	-	-	79,499
-	35,501	-	61,076
<u>62,468</u>	<u>3,060,501</u>	<u>(250,000)</u>	<u>(3,405)</u>
435,394	(604,399)	1,170,918	(1,322,324)
<u>151,596</u>	<u>8,851,022</u>	<u>11,572,190</u>	<u>60,741,920</u>
<u>\$ 586,990</u>	<u>\$ 8,246,623</u>	<u>\$ 12,743,108</u>	<u>\$ 59,419,596</u>

## Taylor County, Texas

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6) Year Ended September 30, 2023

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Net Change in Fund Balances -Total Governmental Funds \$ (1,322,324)

The County uses internal service funds to charge the costs of certain activities, such as self-insurance to appropriate functions in other governmental funds. The change in net position of these internal service funds are reported with governmental funds. The net effect of this consolidation is to decrease net position. (955,935)

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.

Capital outlay	9,722,764	
Lease payments	107,226	
SBITA Payments	82,712	
Principal payments	<u>2,445,000</u>	12,357,702

Depreciation and amortization is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.

Depreciation expense	(7,306,255)	
Amortization expense	<u>(143,458)</u>	(7,449,713)

Proceeds from issuance of SBITAs payable are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements. (79,499)

Proceeds from issuance of leases payable are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements. (387,626)

Certain expenses for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's share of pension expense must be recognized.

Change in contributions made after measurement date	(165,120)	
Pension expense	<u>(1,265,306)</u>	(1,430,426)

Certain expenditures for the OPEB that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows as of the measurement date must be amortized and the County's share of OPEB expense must be recognized.

Change in contributions made after measurement date	(393,262)	
OPEB expense	<u>(373,798)</u>	(767,060)

Taylor County, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6)  
 Year Ended September 30, 2023

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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

Decrease in unavailable office fines and fees	(1,487,707)	
Increase in unavailable tax revenues	96,262	
Decrease in long-term debt interest payable	14,423	
Net book value of capital assets retired	(7,784)	
Amortization of bond premium	489,186	
Increase in compensated absences	<u>(33,540)</u>	<u>(929,160)</u>
Change in Net Position of Governmental Activities-Statement of Activities		<u>\$ (964,041)</u>

Taylor County, Texas  
Statement of Net Position – Proprietary Funds (Exhibit A-7)  
September 30, 2023

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	Governmental Activities
	Internal Service Funds
Assets	
Current assets	
Cash and cash equivalents	\$ 925,571
Accounts receivable	177,286
	1,102,857
Total assets	1,102,857
Liabilities	
Current liabilities	
Accounts payable	60,460
Accrued liabilities	723,736
Due to other funds	315,664
	1,099,860
Total liabilities	1,099,860
Net position	
Unrestricted	2,997
Total net position	\$ 2,997

Taylor County, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds (Exhibit A-8)  
Year Ended September 30, 2023

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	Governmental Activities
	Internal Service Funds
Operating revenues	
Charges for services	\$ 8,079,814
Stop loss revenue	1,496,665
Total operating revenues	9,576,479
Operating expenses	
Contract services	2,548,421
Claims	9,192,537
Total operating expenses	11,740,958
Operating loss	(2,164,479)
Nonoperating revenues	
Investment earnings	31,418
Settlement proceeds	6,130
Refunds	638,617
Total nonoperating revenues	676,165
Net income before transfers	(1,488,314)
Transfers	
Transfers in	583,484
Transfers out	(51,105)
Net transfers	532,379
Change in net position	(955,935)
Net position at beginning of year	958,932
Net position at end of year	\$ 2,997

Taylor County, Texas  
Statement of Cash Flows – Proprietary Funds (Exhibit A-9)  
Year Ended September 30, 2023

	Governmental Activities
	Internal Service Funds
Operating activities	
Cash received from interfund services provided	\$ 7,912,877
Cash received from insurance providers	1,496,665
Cash payments for claims	(8,883,542)
Cash payments for insurance premiums	(2,548,421)
	(2,022,421)
Net cash used for operating activities	
Non-capital financing activities	
Transfers, net	535,379
Settlement proceeds	6,130
Refunds	638,617
	1,180,126
Net cash from non-capital financing activities	
Investing activities	
Interest and dividends	31,418
	31,418
Net cash from investing activities	
Change in cash and cash equivalents	(810,877)
Cash and cash equivalents - beginning of year	1,736,448
Cash and cash equivalents - end of year	\$ 925,571
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (2,164,479)
Net change in	
Accounts receivable	(166,977)
Accounts payable	29,394
Accrued liabilities	279,641
	142,058
Total adjustments	
Net cash used for operating activities	\$ (2,022,421)

Taylor County, Texas  
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-10)  
September 30, 2023

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	Custodial Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 13,198,970
Accounts receivable	50,559
Total assets	\$ 13,249,529
<b>Liabilities</b>	
Accounts payable	\$ 251,870
Total liabilities	251,870
<b>Net position</b>	
Restricted for individuals, organizations or other governments	12,997,659
Total net position	\$ 12,997,659

Taylor County, Texas  
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-11)  
September 30, 2023

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	Custodial Funds
<b>Additions</b>	
Tax collections for other governments	\$ 78,034,858
Licenses, fees, fines for other governments	47,794,547
Collections for individuals and others	3,665,004
Miscellaneous income	11,305
Total additions	129,505,714
<b>Deductions</b>	
Tax payments to other governments	45,596,290
Sales tax payments to other governments	32,232,264
CSCD program costs	9,368,317
Local provider participation	25,485,048
Other deductions	13,920,784
Total deductions	126,602,703
Change in net position	2,903,011
Net position, beginning of year	10,094,648
Net position, end of year	\$ 12,997,659

## **Note 1 - Summary of Significant Accounting Policies**

### **Reporting Entity**

The County and its specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. Taylor County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

The Commissioners' Court has governance responsibilities over all activities related to Taylor County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental "reporting entity" as defined by authoritative guidance. There are no component units included within the reporting entity. The criteria for including organizations as component units within the County's reporting entity, as set forth in GAAP include whether:

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

The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (roads and bridges), health and welfare (pauper care, health clinic facilities, meals for the elderly and indigent health care), culture and recreation facilities, conservation, public facilities, judicial and legal, election functions, and general and financial administrative services.

### **Government-wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Taylor County nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from agency funds on the government-wide Statement of Net Position.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

The government-wide financial statements use 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 the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as unearned revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. The amount of taxes collected in the period 60 days subsequent to year end are recorded as current year revenue. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

### **Fund Accounting**

The County reports the following major governmental funds:

**General Fund** – The General Fund is the County’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

**Road and Bridge Fund** – This is a special revenue fund used to account for resources used by the County in connection with providing transportation services to its citizens.

**Courthouse Restoration Capital Projects Fund** – This fund accounts for proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions, specifically relating to the old courthouse restoration project.

**ARPA Local Recovery Fund** – This is a special revenue fund used to account for resources restricted by the grantor agency for this federal program.

Additionally, the County reports the following non-major fund types:

**Governmental Funds**

Special Revenue Funds – The County uses these funds to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

General Capital Projects Funds – The County uses these funds to account for proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions.

Debt Service Fund – The County uses this fund to account for the accumulation of resources for, and the payment of, general long term debt principal, interest and related costs.

**Proprietary Funds**

Internal Service Funds – The County uses these funds to account for the financing of goods or services provided by one department or other departments of the County, on a cost-reimbursement basis.

**Fiduciary Funds**

Custodial Funds – The County accounts for resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Cash and Cash Equivalents**

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

**Property Taxes**

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of county wide appraisal districts and for the State Property Tax Board which commenced operation on January 1, 1980.

As of October 1, 1981, the appraisal of property within the County was the responsibility of the Central Appraisal District (the Appraisal District) of Taylor County. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjusted for new improvements exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Through a contractual arrangement with the County, the Central Appraisal District of Taylor County is responsible for the collection of taxes. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the Appraisal District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values. The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

The County has adopted a policy to record all delinquent taxes in the General Fund at year end. The County's general obligation bonds require an annual tax levy sufficient to pay principal and interest on the bonds with full allowance being made for delinquent taxes. The bond ordinances require that the Debt Service Fund be funded from actual tax receipts as received. The later collection of delinquent taxes, after the current year funding requirements have been satisfied, will be in excess of the actual requirements for the payment of the bonds. Therefore, such delinquent taxes are deposited in the County's General Fund after the County has met the annual requirements for the payment of the bonds.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, they are offset by nonspendable fund balance which indicates they do not represent "available spendable resources."

### **Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of the donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Generally, a capitalization threshold of \$5,000 is used.

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

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-30
Furniture and Equipment	5-12
Vehicles and Heavy Equipment	5-12
Infrastructure	20-35

Right to use leased assets are recognized at the lease commencement date and represent the County’s right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 5 to 6 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the County’s right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 2 to 3 years.

**Receivables and Payables Balances**

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

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

### **Compensated Absences**

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

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

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

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

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

### **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

### **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. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the County.

Subscription Liabilities represent the county's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the County.

### **Deferred Outflows/Inflows of Resources**

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

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

## **Pensions**

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

## **OPEB**

The fiduciary net position 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 outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets accumulated in a trust fund for the OPEB plan.

## **Implementation of GASB Statement No. 96**

As of October 1, 2022, the County adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 17, and the additional disclosure required by this standard are included in Notes 8 and 19.

**Note 2 - Stewardship, Compliance and Accountability**

The County Judge and the County Auditor submit an annual budget to the Commissioners Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners Court for review, budget workshops are held with the various County department officials, and public hearings are held to address priorities and the allocation of resources. In August, the Commissioners Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners Court may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund’s approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriations between line items. Budget revisions and the line item transfers are subject to final review by the Commissioners Court. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

At September 30, 2023, the following nonmajor funds had a deficit fund balance:

Fund	Fund Type	Deficit
JP PRC 1-2 Security Fee	Special Revenue	\$ 2,759
Juvenile TDA Fund	Special Revenue	13,268

### Note 3 - Fair Value Measurements

GASB Statement No. 72, Fair Value Measurement and Application, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Investment valuation techniques are used to determine fair value. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

U.S. Treasury Notes and U.S. Government Backed Securities – Value based on pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions. There have been no changes in valuation methodologies.

The following table sets forth by level, within the fair value hierarchy, the County's assets at fair value as of September 30, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
U.S. Treasury Notes	\$ -	\$ 6,110,171	\$ -	\$ 6,110,171
U.S. Government Backed Securities	-	1,472,775	-	1,472,775
	<u>\$ -</u>	<u>\$ 7,582,946</u>	<u>\$ -</u>	<u>\$ 7,582,946</u>

#### Note 4 - Deposits and Investments

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

##### A. Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance. At September 30, 2023, the carrying amount of all deposits and investments held by the County was:

	Carrying Value	Maturity	Credit Quality Rating
TexPool	\$ 13,000,800	< 60 days - Weighted Avg.	AAAm
TexasDAILY	565,863	< 60 days - Weighted Avg.	AAAm
Pooled cash	54,365,432	N/A	N/A
Certificates of deposit	14,500,000	Less than 1 year	N/A
U.S. treasury notes	6,110,171	Less than 1 year	N/A
FHLMC	1,472,775	Less than 1 year	AA+
	<u>\$ 90,015,041</u>		

The County has a financial arrangement with its bank and TexPool whereby TexPool will transfer funds to the bank to cover any shortfalls in the operating account.

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

The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available online. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

## **B. Investment Accounting Policy**

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

### **Custodial Credit Risk – Deposits**

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2023 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

### **Custodial Credit Risk – Investments**

This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

### **Concentration of Credit Risk**

Diversification by investment type shall be established by the following maximum percentages of investment types to the total County investment portfolio at the time of each investment transaction:

a.)	U.S. Treasury Bills/Notes/Bonds	100%
b.)	U.S. Agencies and Instrumentalities	85%
c.)	States, Counties, Cities, and Other	50%
d.)	Certificates of Deposit	100%
e.)	Money Market Mutual Funds	80%
f.)	Eligible Investment Pools	100%

### **Interest Rate Risk**

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. The weighted average days to maturity for the operating fund portfolio shall be less than 270 days and the maximum allowable maturity shall be no longer than two years. General Fund balances at the end of the fiscal year shall have a maximum allowable maturity not to exceed three years. The maximum maturity for all construction or capital improvement funds shall not be more than five years. County funds that are considered “bond proceeds” for arbitrage purposes shall have a maximum maturity not to exceed one year. Special revenue funds are legally restricted to expenditures for a particular purpose under the direction of a certain department. They may be invested in compliance with this Policy and all applicable laws, subject to cash flow requirements with maximum maturity not to exceed three years. Custodial funds are to be invested not to exceed ninety days. Registry funds maturity are not to exceed court order limits.

### **Other Credit Risk**

There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County invests only in issues permitted by state law. To minimize credit risk, TexPool’s investment policy allows the portfolio’s investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. TexPool is rated AAAM by Standard & Poor’s. It is the County’s policy to diversify its portfolio to eliminate the risk of loss resulting from the concentration of assets in a specific maturity, a specific issuer, or a specific class of investments.

**Note 5 - Receivables**

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

	Property Taxes	Other Receivables	Fines and Fees	Total Receivables
Governmental Funds				
General fund	\$ 1,377,565	\$ 1,600,314	\$ 21,155,427	\$ 24,133,306
Road and bridge fund	-	93,376	-	93,376
Courthouse restoration fund	-	947,414	-	947,414
ARPA Local Recovery Fund	-	40,725	-	40,725
Non-major governmental funds	107,068	202,810	-	309,878
Gross receivables	1,484,633	2,884,639	21,155,427	25,524,699
Less: allowance for uncollectibles	(647,038)	-	(19,682,281)	(20,329,319)
Total governmental funds	\$ 837,595	\$ 2,884,639	\$ 1,473,146	\$ 5,195,380
Amounts not scheduled for collection during the subsequent year	\$ (683,566)	\$ -	\$ (1,473,146)	\$ (2,156,712)
Internal service funds	\$ -	\$ 177,286	\$ -	\$ 177,286
Total internal service funds	\$ -	\$ 177,286	\$ -	\$ 177,286

**Note 6 - Capital Assets**

Capital asset activity for the period ended September 30, 2023 was as follows:

	Beginning Balance, as restated	Additions	Retirements	Ending Balance
<b>Governmental activities</b>				
<b>Non-depreciable assets</b>				
Land	\$ 2,115,788	\$ -	\$ -	\$ 2,115,788
Construction in progress	2,872,925	5,788,698	-	8,661,623
Total non-depreciable assets	4,988,713	5,788,698	-	10,777,411
<b>Depreciable assets</b>				
Buildings and improvements	139,557,041	1,131,027	-	140,688,068
Furniture and equipment	12,010,004	880,886	23,137	12,867,753
Vehicles and heavy equipment	15,489,269	1,454,028	409,858	16,533,439
Infrastructure	70,512,665	-	-	70,512,665
Total depreciable assets	237,568,979	3,465,941	432,995	240,601,925
Total at historic cost	242,557,692	9,254,639	432,995	251,379,336
<b>Less accumulated depreciation</b>				
Buildings and improvements	72,070,263	5,321,747	-	77,392,010
Furniture and equipment	4,945,217	1,085,053	23,136	6,007,134
Vehicles and heavy equipment	10,746,438	844,316	403,276	11,187,478
Infrastructure	70,205,148	55,139	-	70,260,287
Total accumulated depreciation	157,967,066	7,306,255	426,412	164,846,909
Net depreciable capital assets	79,601,913	(3,840,314)	6,583	75,755,016
<b>Right-to-use leased assets being amortized</b>				
Buildings and improvements	80,059	-	-	80,059
Furniture and equipment	129,437	387,626	59,502	457,561
Total right-to-use leased assets	209,496	387,626	59,502	537,620
<b>Accumulated amortization</b>				
Buildings and improvements	16,629	20,031	-	36,660
Furniture and equipment	75,267	89,658	58,301	106,624
Total accumulated amortization	91,896	109,689	58,301	143,284
Net right-to-use leased assets	117,600	277,937	1,201	394,336

Right-to-use SBITA assets being amortized				
SBITA	31,959	80,499	-	112,458
Total right-to-use SBITA assets	<u>31,959</u>	<u>80,499</u>	<u>-</u>	<u>112,458</u>
Accumulated amortization				
SBITA	-	33,769		33,769
Total accumulated amortization	<u>-</u>	<u>33,769</u>	<u>-</u>	<u>33,769</u>
Net right-to-use leased assets	<u>31,959</u>	<u>46,730</u>	<u>-</u>	<u>78,689</u>
Governmental activities capital assets, net	<u>\$ 84,740,185</u>	<u>\$ 2,273,051</u>	<u>\$ 7,784</u>	<u>\$ 87,005,452</u>

Depreciation and amortization was charged to functions as follows:

General administration	\$ 484,852
Financial administration	13,633
Judicial	21,816
Elections	432,572
Public safety	1,927,750
Public facilities	3,808,000
Road and bridge	<u>761,090</u>
	<u>\$ 7,449,713</u>

The estimated cost to complete the construction in progress as of September 30, 2023, was \$14,082,144. The construction in progress will be completed using the remaining state grant as well as an allocation from State and Local Fiscal Recovery Funds revenue replacement.

**Note 7 - Interfund Balances and Activity**

**A. Due to and From Other Funds**

Balances due to and due from other funds at September 30, 2023, consisted of the following:

Due to other governmental funds from:

General Fund	\$ 40,544
Other governmental funds	203,299
Due from other funds	<u>\$ 243,843</u>

Due to general fund from:

Other governmental funds	\$ 28,826
ARPA local recovery fund	36,018
Internal service fund	315,664
Road and Bridge Fund	883
Due from other funds	<u>\$ 381,391</u>

Due to road and bridge fund from:

Other governmental funds	\$ 20,680
Due from other funds	<u>\$ 20,680</u>

Due to and due from other funds are interfund receivables and payables that reflect either short term borrowing or payroll clearing accounts between funds.

**B. Transfers to and From Other Funds**

Transfers to and from other funds at September 30, 2023, consisted of the following:

Transfers from general fund to:	
Road and Bridge Fund	\$ 1,500,000
Courthouse restoration fund	\$ 2,775,000
Internal service fund	558,044
	\$ 4,833,044
Transfers from Road and Bridge fund to:	
Internal service fund	\$ 25,440
	\$ 25,440
Transfers from other governmental funds to:	
Courthouse restoration fund	\$ 250,000
	\$ 250,000
Transfers from other internal service funds to:	
General Fund	\$ 51,105
	\$ 51,105

Transfers from the general fund provide additional funding for special projects and support for internal service functions. Transfers from other capital projects funds provide funding for ongoing capital projects.

**Note 8 - Long-Term Obligations**

The County's long-term debt consists of general obligation bonds, tax notes payable, and leases payable. Other long-term debt consists of the accrued liability for employee vested compensated absences.

**A. Bonds and Tax Notes Payable**

On January 24, 2017, the County issued \$48,320,000 in Limited Tax Obligation Bonds, Series 2017 to fund the construction for the Taylor County Coliseum and Fair Grounds (Expo Center). Interest is due semi-annually at 5%. The bonds mature serially through 2039.

On August 19, 2019, the County issued \$2,165,000 in a Limited Tax Note, Series 2019 to fund the purchase of voting machines for the ongoing election events held by the County. Interest is due semi-annually at 2.12%. The note matures on September 30, 2026.

On October 15, 2020, the County issued \$10,235,000 in Certificates of Obligation, Series 2020 to fund the renovation and improvement of County owned buildings, and paying costs of issuance in connection with the Certificates. Interest is due semi-annually at 2 - 5%. The note matures on February 15, 2036.

The following table summarizes the annual debt requirements of the outstanding bond issue and tax note payable at September 30, 2023, to maturity:

Year Ending September 30	Bonds Payable		Notes and Certificates Payable		Total Requirements
	Principal	Interest	Principal	Interest	
2024	\$ 1,705,000	\$ 1,997,875	\$ 855,000	\$ 407,575	\$ 4,965,450
2025	1,795,000	1,910,375	885,000	381,691	4,972,066
2026	1,885,000	1,818,375	910,000	354,648	4,968,023
2027	1,985,000	1,721,625	605,000	321,525	4,633,150
2028	2,085,000	1,619,875	640,000	290,400	4,635,275
2029-2033	12,145,000	6,974,000	3,690,000	957,550	23,766,550
2034-2038	15,595,000	2,931,125	2,625,000	160,300	21,311,425
2039	3,615,000	90,375	-	-	3,705,375
Total	<u>\$ 40,810,000</u>	<u>\$ 19,063,625</u>	<u>\$ 10,210,000</u>	<u>\$ 2,873,689</u>	<u>\$ 72,957,314</u>

Current requirements for bonded indebtedness of the County are accounted for in the Debt Service Fund.

Taylor County, Texas has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Taylor County, Texas.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2023, are as follows:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
<b>Bonds, loans and leases payable</b>					
General obligation bonds	\$ 42,435,000	\$ -	\$ 1,625,000	\$ 40,810,000	\$ 1,705,000
Tax Notes, Series 2019	1,280,000	-	310,000	970,000	315,000
Certificates of Obligations, Series 2020	9,750,000	-	510,000	9,240,000	540,000
Leases	117,826	387,626	107,226	398,226	109,233
SBITAs	33,548	79,499	82,712	30,335	26,474
	<u>53,616,374</u>	<u>467,125</u>	<u>2,634,938</u>	<u>51,448,561</u>	<u>2,695,707</u>
<b>Other liabilities</b>					
Premium on bonds payable	7,307,025	-	489,186	6,817,839	-
Compensated absences	1,078,834	1,722,999	1,689,459	1,112,374	-
	<u>8,385,859</u>	<u>1,722,999</u>	<u>2,178,645</u>	<u>7,930,213</u>	<u>-</u>
<b>Total other liabilities</b>	<u>8,385,859</u>	<u>1,722,999</u>	<u>2,178,645</u>	<u>7,930,213</u>	<u>-</u>
<b>Total Governmental Activities Long-term liabilities</b>	<u><u>\$ 62,002,233</u></u>	<u><u>\$ 2,190,124</u></u>	<u><u>\$ 4,813,583</u></u>	<u><u>\$ 59,378,774</u></u>	<u><u>\$ 2,695,707</u></u>

Remaining principal and interest payments on leases are as follows:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2024	\$ 109,233	\$ 2,202	\$ 111,435
2025	104,381	1,097	105,478
2026	77,767	227	77,994
2027	78,940	110	79,050
2028	27,902	38	27,940
	<u>398,223</u>	<u>3,674</u>	<u>401,897</u>
<b>Total</b>	<u><u>\$ 398,223</u></u>	<u><u>\$ 3,674</u></u>	<u><u>\$ 401,897</u></u>

Remaining principal and interest payments on SBITAs are as follows:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2024	\$ 26,474	\$ 417	\$ 26,891
2025	3,861	4	3,865
Total	<u>\$ 30,335</u>	<u>\$ 421</u>	<u>\$ 30,756</u>

**Note 9 - Compensated Absences**

Accumulated unpaid annual leave amounts are not accrued in governmental funds using the modified accrual basis of accounting but are reflected in the government-wide financial statements. At September 30, 2023, accrued employee benefits recorded as general long-term debt were for annual vacation pay and comp pay and amounted to \$1,112,374.

**Note 10 - Risk Management**

The County has established a Self-Insurance Fund and an Employee Benefits Fund to separately report the activities of the County’s general law enforcement professional liability, health, life and property insurance and worker’s compensation plans.

**General Liability**

The County’s liability insurance is a self-insured plan. The County informally budgets for current claims based on historical data. The County incurred \$109,156, \$180,379, and \$197,616, for liability claims during the years ended September 30, 2023, 2022, and 2021, respectively. There were no unpaid claims at September 30, 2023.

**Health Insurance**

The County’s health insurance program is a “self-insured” minimum premium cash flow plan. The County and each covered employee make a pre-determined monthly contribution to the plan. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan, and the County reimburses the insurance company for the amount of each claim paid. The insurance company charges the County a fee for each claim processed.

The County informally budgets for current claims based on actuarial valuations and current health care statistics. Funding covers both the cost of claims and administrative expenses. The County paid \$7,786,186, \$6,577,141, and \$6,394,937 in health claims, and paid \$293,993, \$318,662, and \$322,151, for administrative costs, for the years ended September 30, 2023, 2022, and, respectively. The County contributed \$5,656,593, \$5,397,324, and \$5,398,786, and County employees contributed \$934,868, \$895,097, and \$923,393, to the health insurance program for the years ended September 30, 2023, 2022, and 2021, respectively. Retirees and other agency contributions were \$375,370, \$359,933, and \$351,865, for the years ended September 30, 2023, 2022, and 2021, respectively. Previous years' funds were utilized in funding the health insurance program.

Estimated health claims that have been incurred but not reported are accrued at year-end. The following is a walk-forward of the activity in the estimated liability account and claims payable for the years ended September 30, 2023, 2022, and 2021.

Year Ending September 30	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
2021	\$ 1,554,107	\$ 6,168,705	\$ 7,192,669	\$ 530,143
2022	530,143	6,808,873	6,863,855	475,161
2023	475,161	9,192,577	8,883,542	784,196

### Worker's Compensation

The County's worker's compensation plan is administered by the Texas Association of Counties (TAC), a joint insurance fund, in which the County is a member. TAC reviews and processes all worker's compensation claims. The County informally budgets for current claims based on actuarial valuations and historical data. The County incurred \$293,188, \$363,429, and \$289,677, in worker's compensation claims for the years ended September 30, 2023, 2022, and 2021, respectively. Estimated liabilities for claims that have been incurred but not reported are accrued at year-end. The estimated liability for worker's compensation claims was \$46,699, \$96,120, and \$104,814, at September 30, 2023, 2022, and 2021, respectively.

### Summary

The Self-Insurance Fund has a deficit net position available for the purpose of funding all self-insurance programs, other than health, in the amount of \$12,225 at September 30, 2023. In the opinion of management, net position is adequate to meet probable claim contingencies at September 30, 2023. The Employee Benefits Fund has a deficit net position of \$524,302. The General Fund is contingently liable for all funds with deficit net position.

**Note 11 - Retirement Plan**

**Plan Description**

The County and Taylor County CSCD provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of nearly 830 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at <https://www.tcdrs.org>.

**Benefits Provided**

The plan provisions are adopted by the Commissioners Court of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

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

**Membership**

County membership in the TCDRS plan at December 31, 2022 consisted of the following:

Inactive Employees’ Accounts	
Receiving benefits	389
Entitled to but not yet receiving benefits	680
	680
Total	1,069
Active Employees’ Accounts	653

**Contributions**

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

Contribution Rates	2022	2023
Member	7.00%	7.00%
Employer	12.50%	12.50%
Employer contributions	\$4,184,661	\$4,392,641
Member contributions	\$2,343,398	\$2,460,596

**Actuarial Assumptions**

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	11.6 years
Asset valuation method	5 year smoothed market
Discount rate	7.60%
Long-term expected investment rate of return*	7.50%
Salary increases*	4.70%, average
Payroll growth rate	3.00%

*\*Includes inflation of 2.50%*

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
less than 25	0.001%	0.001%
25	0.001	0.003
26	0.001	0.006
27	0.001	0.009
28	0.001	0.011
29	0.001	0.013
30	0.001	0.014
31	0.001	0.016
32	0.001	0.018
33	0.001	0.020
34	0.001	0.023
35	0.001	0.025
36	0.001	0.028
37	0.001	0.030
38	0.001	0.034
39	0.001	0.038
40	0.001	0.042
41	0.001	0.046
42	0.001	0.050
43	0.001	0.058
44	0.001	0.066
45	0.001	0.074
46	0.001	0.082
47	0.001	0.090
48	0.001	0.099
49	0.001	0.108
50	0.001	0.117
51	0.001	0.126
52	0.001	0.135
53	0.001	0.144
54	0.001	0.153
55	0.001	0.162
56	0.001	0.171
57	0.001	0.180
58	0.001	0.189
59	0.001	0.198
60 and above	-	-

Mortality rates for depositing members were based on 135% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 120% of the 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 were based on 135% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 120% of the PUB-2010 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Disabled retirees were based on 160% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 125% of the PUB-2010 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

Service retirement rates for males and females were as follows:

Age	Active Scv				Deferred
	Active Scv<15	15-24	25-29	30+	All Svc
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50-51	5.6	6.8	8.3	9.4	-
52-53	6.0	7.2	8.8	10.0	-
54-56	6.8	8.1	9.9	11.3	-
57-59	7.5	9.0	11.0	12.5	-
60-61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63-64	11.3	13.5	16.5	18.8	15.0
65-66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68-69	18.9	18.9	23.1	23.1	21.0
70-74	20.7	20.7	25.3	25.3	23.0
75 & Above	100.0	100.0	100.0	100.0	100.0

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017 - 2020. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2021.

There were no changes in methods or assumptions reflected in the December 31, 2022 actuarial valuation.

#### Discount Rate

The discount rate used to measure the total pension liability did not change from the rate used in the prior year valuation, 7.60%.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long term time horizon. The TCDRS Board of Trustees adopted the most current assumptions at their March 2023 meeting. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation <sup>a</sup>	Geometric Real Rate of Return <sup>b</sup>
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 Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>c</sup>	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 <sup>d</sup>	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index <sup>e</sup>	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%

<sup>a</sup> Target asset allocation adopted at the March 2023 TCDRS Board meeting.

<sup>b</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater’s 2023 capital market assumptions.

<sup>c</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>d</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

<sup>e</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

**Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2023, the County reported a net pension liability of \$12,205,633 for its net pension liability measured at December 31, 2022. For the year ended September 30, 2023, the County recognized pension expense of \$5,512,721.

Changes to the real rate of return, inflation, long-term investment return, and the payroll growth assumptions affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension liability/(asset) for the year ended December 31, 2022 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2021	\$ 157,009,567	\$ 164,395,755	\$ (7,386,188)
Changes for the year			
Service cost	4,108,385	-	4,108,385
Interest on total pension liability <sup>a</sup>	11,928,843	-	11,928,843
Effect of plan changes <sup>b</sup>	1,951,622	-	1,951,622
Effect of economic/demographic gains or losses	(1,462,942)	-	(1,462,942)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(828,506)	(828,506)	-
Benefit payments	(7,645,649)	(7,645,649)	-
Administrative expenses	-	(89,576)	89,576
Member contributions	-	2,378,590	(2,378,590)
Net investment income	-	(9,479,522)	9,479,522
Employer contributions	-	4,247,416	(4,247,416)
Other <sup>c</sup>	-	(122,821)	122,821
Balances as of December 31, 2022	<u>\$ 165,061,320</u>	<u>\$ 152,855,687</u>	<u>\$ 12,205,633</u>

<sup>a</sup>Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>b</sup>No plan changes valued.

<sup>c</sup>Relates to the allocation of system-wide items.

**Discount Rate Sensitivity Analysis**

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

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 186,607,691	\$ 165,061,320	\$ 147,031,956
Fiduciary net position	152,855,687	152,855,687	152,855,687
Net pension liability	\$ 33,752,004	\$ 12,205,633	\$ (5,823,731)

At December 31, 2022, the County reported its 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	\$ 183,545	\$ 1,145,084
Changes of assumptions	2,079,721	130,737
Net difference between projected and actual earnings	2,919,414	-
Contributions paid to TCDRS subsequent to the measurement date	2,938,741	-
Total	\$ 8,121,421	\$ 1,275,821

\$2,938,741 reported as deferred outflows of resources related to pensions resulting from contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2024. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30	
2024	\$ (164,648)
2025	(435,893)
2026	128,052
2027	4,379,348
2028	-
Thereafter	-
Total	\$ 3,906,859

## Note 12 - Fund Balance

The County classifies governmental fund balance in the following categories:

*Nonspendable fund balance* includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2023, the County had \$94,535 in nonspendable fund balance for prepaid items and inventories.

*Restricted fund balance* includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Debt service fund balance restricted for the retirement of funded indebtedness totaled \$2,225,225 as of September 30, 2023. Fund balance restricted for capital projects totaled \$8,246,623 as of September 30, 2023. Special revenue fund balance restricted for specific programs included grants, technology, security, enabling legislation, and law enforcement and totaled \$49,567, \$268,097, \$482,122, \$5,992,876, and \$662,355, respectively, as of September 30, 2023.

*Committed fund balance* is established and modified by a resolution from the Commissioners Court and can be used only for the specified purposes determined by the Court's resolution. At September 30, 2023, the County had \$3,066,398 in fund balance committed for road and bridge and \$3,489,548 for other purposes.

*Assigned fund balance* is intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed. Fund balance can be assigned by the Commissioners Court or by a Court designee. At September 30, 2023, the County had no assigned fund balance.

*Unassigned fund balance* is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

The County uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The County aims to maintain the following minimum fund balances:

General fund: Unassigned fund balance of approximately 20-30% of budgeted expenditures for the fiscal year, to be used for unanticipated needs.

Debt service funds: Restricted fund balances of approximately 25-50% of the following year's debt service requirements, to be used for debt service.

**Note 13 - Postemployment Healthcare Benefits**

**Plan Description**

The County provides certain health care benefits through a single-employer defined benefit OPEB plan. Permanent full-time employees who retire under TCDRS eligibility rules are eligible to participate in the County’s health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service or when the retirees age plus years of service equals 75. Spouses and dependents of retirees are also eligible. As of the date of the latest actuarial valuation, the County has 565 active employees and 35 retirees participating in the plan.

When a regular, full-time employee retires and is currently enrolled in the health care plan, they are eligible to continue to participate in the County’s group health insurance and prescription plans. Members who terminate employment prior to retirement are not eligible for retiree health care benefits.

Texas Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to the Commissioners Court. The plan is not administered by a trust and there are no assets accumulated in a trust.

**Contributions**

The funding policy of the plan is to ensure that adequate resources are available to meet the required insurance premiums for the upcoming year. It is not the intent of the funding policy to pre-fund retiree health insurance during employees’ entire careers. Total contributions paid by the County equaled \$680,778 for the year ended December 31, 2022.

**Benefits Provided**

Retirees may purchase retiree health care coverage through the County’s health care plan as a retiree and for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired members may continue retiree health care coverage up to age 65 for spouses and to age 26 for dependents.

Spouse and/or dependent must be on the plan prior to retirement of the employee. Retirees are required to enroll in Medicare Parts A and B once eligible.

**Membership**

Inactive Employees’ Accounts	
Receiving benefits	35
Entitled to but not yet receiving benefits	-
	-
Total	35
Active Employees’ Accounts	565

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Actuarial cost method	Individual entry-age normal
Amortization method	Level as a percentage of payroll
Remaining amortization period	8.2 years
Inflation	2.50%
Discount rate	4.05%
Long-term expected investment rate of return	4.05%
Salary increases*	0.40% to 5.25%
Payroll growth rate	3.00%
Health care trend rates	Pre-65: 7.00% declining to an ultimate rate of 4.15 % after 13 years Post-65: 5.30% declining to an ultimate rate of 4.15 % after 12 years
Participation rates	50% for employees who retire prior to age 65 20% for employees who retire after age 65

*\*Not including wage inflation of 3.00%*

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

Mortality rates for healthy retirees were based on the Pub-2010 General Retiree Tables for males and females with males multiplied by 135% and females 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. Mortality rates for disabled retirees were based on the gender-distinct Pub-2010 Disabled Retiree Tables with rates for males multiplied by 160% and female rates multiplied by 125%. For disabled retirees, the valuation employs fully generational mortality projections based on 100% of the ultimate rates of mortality improvement scale MP-2021.

Disability rates for males and females were as follows:

Ordinary Disability	
Age	Male & Female
25	0.003%
30	0.0144
35	0.0252
40	0.0420
45	0.0740
50	0.1170
55	0.0162
60	0.0000

Service retirement rates for males and females were as follows:

Age	Active Scv			
	Active Scv<15	15-24	25-29	30+
40-49	5.25%	6.30%	7.70%	8.75%
50-51	5.63	6.75	8.25	9.38
52-53	6.00	7.20	8.80	10.00
54-56	6.75	8.10	9.90	11.25
57-59	7.50	9.00	11.00	12.50
60-61	9.00	10.80	13.20	15.00
62	13.50	16.20	19.80	22.50
63-64	11.25	13.50	16.50	18.75
65-66	22.50	22.50	27.50	27.50
67	21.60	21.60	26.40	26.40
68-69	18.90	18.90	23.10	23.10
70-74	20.70	20.70	25.30	25.30
75 & Above	100.00	100.00	100.00	100.00

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2022, were based on results of an actuarial experience study for the period January 1, 2017 – December 31, 2020 as conducted by TCDRS.

**Discount Rate**

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 4.05% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 1.84% as of the prior measurement date.

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At September 30, 2023, the County reported a total OPEB liability of \$9,739,433 measured at December 31, 2022. For the year ended September 30, 2023, the County recognized OPEB expense of \$1,054,576.

There was a change in the discount rate from 1.84% as of December 31, 2021, to 4.05% as of December 31, 2022.

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 for the measurement year ended December 31, 2022 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balances at December 31, 2021	\$ 11,958,062
Changes for the year	
Service cost	1,207,582
Interest on the total OPEB liability	224,875
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	408,470
Changes of assumptions	(3,378,778)
Benefit payments	(680,778)
Balances as of December 31, 2022	\$ 9,739,433

At December 31, 2022 the County reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 770,626	\$ 1,051,064
Changes of assumptions	1,573,767	4,355,177
Contributions subsequent to the measurement date	212,032	-
Total	\$ 2,556,425	\$ 5,406,241

\$212,032 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 ended September 30, 2024. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

	Year ended September 30
2024	\$ (377,881)
2025	(377,881)
2026	(384,998)
2027	(449,421)
2028	(414,791)
Thereafter	(1,056,876)
Total	\$ (3,061,848)

#### Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.05%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate.

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB liability	\$ 11,095,237	\$ 9,739,433	\$ 8,608,485

**Healthcare Cost Trend Rate Sensitivity Analysis**

The following presents the total OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ 8,255,780	\$ 9,739,433	\$ 11,621,623

**Note 14 - Other Retirement and Miscellaneous Benefits**

The County makes available to all of its full-time employees a deferred compensation plan under Internal Revenue Code Section 457. The County does not contribute to this plan. All contributions are made by employees who elect to participate in the plan. The County remits employee contributions to the plan trustee on a regular basis. The County does not administer the Section 457 plan, nor does it provide investment advice to the plan. Accordingly, the Section 457 plan is not part of the County’s reporting entity.

**Note 15 - Related Party Transactions**

The County provides funding to the Taylor County Expo Center, a separate legal entity, for marketing and repairs and maintenance of the Expo Center’s facilities. For the year ended September 30, 2023, the County paid \$204,083 toward Expo Center expenditures.

The County provides funding to the Buffalo Gap Historic Village, a separate legal entity, for safety and maintenance expenses. For the year ended September 30, 2023, the County paid \$41,195 toward Historic Village expenditures.

**Note 16 - Leases**

The County has entered into eight lease agreements postage equipment, and copier machines. The County is required to make principal and interest payments through January 2028. The lease liability was valued using discount rates between 2.3% and 4.32% based on the County’s incremental borrowing rate at the inception of the leases.

The County has entered into two lease agreements for tower usage for radio equipment. The County is required to make principal and interest payments through November 2025. The lease liability was valued using a discount rate of 3.12% based on the County’s incremental borrowing rate at the inception of the leases.

**Note 17 - Adoption of New Standard**

As of October 1, 2022, the County adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

	Governmental Activities
Net position at October 1, 2022, as previously reported	\$ 71,919,962
Add right-to-use subscription IT asset under GASB Statement No. 96 at October 1, 2022	31,959
Add subscription IT liability under GASB Statement No. 96 at October 1, 2022	(33,548)
Net position at October 1, 2022, as restated	\$ 71,918,373

### **Note 18 - Tax Abatements**

The County has entered into property abatement agreements with local businesses under Texas Local Government Code, Section 501.159. Under the Code, local governments may grant property tax abatements. The County is under no obligation to provide tax abatement to any specific applicant and reserves the right to do so on a case-by-case basis as stimulation for economic development within the Reinvestment Zones established by the County. The abatements may be granted to any business located within or promising to relocate to the service area of Taylor County.

For fiscal year ended September 30, 2023, the County abated no property taxes under this program. The County signed the following agreement, expected to result in property tax abatements in the tax year following completion of facility construction and the receipt of the related certificate of occupancy by the abatement recipient.

#### **Lancium, LLC**

- Commitments:
  - Expenditures exceeding \$350,000,000 on improvements to real property by December 31, 2023.
  - Construction of a permanent facility exceeding 100,000 square feet in size, and receipt of the related Certificate of Occupancy by June 30, 2023. Property shall have a minimum taxable assessed value of \$200,000
  - Employ 57 full-time equivalent positions by December 31, 2026 and maintain them during the course of the agreement
  - Payment in Lieu of Taxes (PILOT) – Developer to pay \$508,438 per tax year included in the tax abatement term.
- Terms of abatement: 100% exemption from property taxes on all real property and improvements for 20 years from January 1<sup>st</sup> of the first tax year following the date of receipt of the certificate of occupancy.
- The certificate of occupancy had not been received as of September 30, 2023. No related tax abatement or PILOT received during the year under audit.

### **Note 19 - Subscription-Based Information Technology Arrangements**

The County has entered into three subscription-based information technology arrangement contracts for law enforcement software. The County is required to make principal and interest payments through December 2025. The subscription-based information technology arrangement liability was valued using discount rates between 3.02% and 6.450% based on the County's incremental borrowing rate at the inception of the leases.



Required Supplementary Information  
September 30, 2023

Taylor County, Texas

Taylor County, Texas  
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)  
 Year Ended September 30, 2023

	Budget Amounts			Variance from Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Taxes				
Property taxes	\$ 57,470,303	\$ 57,470,303	\$ 57,388,142	\$ (82,161)
Other taxes	1,198,438	1,198,438	871,241	(327,197)
License and permits	735,000	735,000	721,437	(13,563)
Intergovernmental and grants	1,671,550	2,703,133	1,941,181	(761,952)
Fines and fees	3,598,185	3,589,185	4,109,350	520,165
Rents and recoveries	8,000	8,000	5,585	(2,415)
Investment earnings	483,000	483,000	1,689,536	1,206,536
Miscellaneous	260,500	370,727	418,482	47,755
<b>Total revenues</b>	<b>65,424,976</b>	<b>66,557,786</b>	<b>67,144,954</b>	<b>587,168</b>
<b>Expenditures</b>				
Current				
General government	5,123,266	5,095,179	4,734,790	360,389
Financial	3,453,985	3,472,885	3,099,798	373,087
Judicial	10,581,018	10,921,038	10,653,452	267,586
Legal	4,433,786	4,346,757	4,173,194	173,563
Elections	622,286	622,286	573,551	48,735
Public facilities	1,625,588	1,903,841	1,769,727	134,114
Public safety	33,561,889	34,223,455	33,261,358	962,097
Road and bridge	-	-	-	-
Health and welfare	3,365,888	3,388,811	3,380,658	8,153
Conservation	636,340	651,786	609,024	42,762
Culture and recreation	392,350	498,565	34,900	463,665
Debt service				
Principal	-	-	125,782	(125,782)
Interest	-	-	12,785	(12,785)
Capital outlay				
Capital outlay	1,915,833	2,865,864	2,698,723	167,141
<b>Total expenditures</b>	<b>65,712,229</b>	<b>67,990,467</b>	<b>65,127,742</b>	<b>2,862,725</b>
Excess revenues over expenditures	(287,253)	(1,432,681)	2,017,212	3,449,893
Other financing sources (uses)				
Transfers out (net)	(3,947,000)	(3,947,000)	(4,781,939)	(834,939)
Proceeds from leases	-	-	388,399	388,399
Proceeds from SBITAs	-	-	17,031	17,031
Sale of property	-	-	25,575	25,575
<b>Total other financing uses</b>	<b>(3,947,000)</b>	<b>(3,947,000)</b>	<b>(4,350,934)</b>	<b>(403,934)</b>
Net change in fund balance	(4,234,253)	(5,379,681)	(2,333,722)	3,045,959
Fund balance at beginning of year	37,109,429	37,109,429	37,109,429	-
Fund balance at end of year	<u>\$ 32,875,176</u>	<u>\$ 31,729,748</u>	<u>\$ 34,775,707</u>	<u>\$ 3,045,959</u>

Taylor County, Texas  
 Budgetary Comparison Schedule – Road and Bridge Fund (Exhibit B-2)  
 Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes				
Other taxes	\$ 1,550,000	\$ 1,550,000	\$ 1,707,941	\$ 157,941
Licenses and permits	1,715,000	1,715,000	1,677,510	(37,490)
Fines and fees	-	-	60,969	60,969
Investment earnings	10,000	101,230	80,361	(20,869)
Other revenue	1,000	1,000	103,322	102,322
Total revenues	<u>3,276,000</u>	<u>3,367,230</u>	<u>3,630,103</u>	<u>262,873</u>
Expenditures				
Current				
Road and bridge	4,690,429	4,828,961	4,521,546	307,415
Capital outlay				
Capital outlay	600,000	1,120,534	573,632	546,902
Total expenditures	<u>5,290,429</u>	<u>5,949,495</u>	<u>5,095,178</u>	<u>854,317</u>
Excess (deficiency) of revenues over (under) expenditures	(2,014,429)	(2,582,265)	(1,465,075)	1,117,190
Other financing sources				
Transfers in	1,500,000	1,500,000	1,500,000	-
Transfers out	-	-	(25,440)	(25,440)
Total other financing sources	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,474,560</u>	<u>(25,440)</u>
Net change in fund balance	(514,429)	(1,082,265)	9,485	1,091,750
Fund balance at beginning of year	<u>3,057,683</u>	<u>3,057,683</u>	<u>3,057,683</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,543,254</u>	<u>\$ 1,975,418</u>	<u>\$ 3,067,168</u>	<u>\$ 1,091,750</u>

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>Total Pension Liability</b>				
Service cost	\$ 4,108,385	\$ 3,878,901	\$ 3,330,708	\$ 3,075,932
Interest on total pension liability	11,928,843	11,349,318	10,841,339	10,290,816
Effect of plan changes	1,951,622	-	-	-
Effect of assumption changes or inputs	-	(392,209)	8,318,884	-
Effect of economic/demographic (gains) or losses	(1,462,942)	550,635	(191,509)	202,607
Benefit payments/refund of contributions	(8,474,155)	(7,524,842)	(7,189,324)	(6,871,923)
Net change in total pension liability	8,051,753	7,861,803	15,110,098	6,697,432
Total pension liability, beginning	157,009,567	149,147,764	134,037,666	127,340,234
Total pension liability, ending (a)	<u>\$ 165,061,320</u>	<u>\$ 157,009,567</u>	<u>\$ 149,147,764</u>	<u>\$ 134,037,666</u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 4,247,416	\$ 4,191,789	\$ 3,803,457	\$ 3,254,307
Member contributions	2,378,590	2,347,757	2,218,335	2,070,925
Investment income (loss) net of investment expenses	(9,479,522)	29,705,464	12,829,942	17,759,262
Benefit payments/refund of contributions	(8,474,155)	(7,524,842)	(7,189,324)	(6,871,923)
Administrative expenses	(89,576)	(88,940)	(99,334)	(94,657)
Other	(122,821)	9,472	(23,875)	(35,650)
Net change in fiduciary net position	(11,540,068)	28,640,700	11,539,201	16,082,264
Fiduciary net position, beginning	164,395,755	135,755,055	124,215,854	108,133,590
Fiduciary net position, ending (b)	<u>\$ 152,855,687</u>	<u>\$ 164,395,755</u>	<u>\$ 135,755,055</u>	<u>\$ 124,215,854</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 12,205,633</u>	<u>\$ (7,386,188)</u>	<u>\$ 13,392,709</u>	<u>\$ 9,821,812</u>
Fiduciary net position as a percentage of total pension liability	92.61%	104.70%	91.02%	92.67%
Pensionable covered payroll	\$ 33,979,852	\$ 33,539,379	\$ 31,690,504	\$ 29,584,640
Net pension liability as a percentage of covered payroll	35.92%	-22.02%	42.26%	33.20%

See Notes to Required Supplementary Information

## Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System

(Exhibit B-3)

September 30, 2023

Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 2,833,295	\$ 2,707,901	\$ 2,839,411	\$ 2,602,761	\$ 2,529,603
9,578,834	9,080,821	8,515,412	8,064,473	7,629,311
2,939,844	-	-	(403,314)	-
-	398,394	-	1,094,092	-
(133,351)	(12,806)	(195,799)	(681,221)	(693,909)
<u>(6,478,481)</u>	<u>(5,836,806)</u>	<u>(5,165,273)</u>	<u>(4,619,338)</u>	<u>(4,320,808)</u>
8,740,141	6,337,504	5,993,751	6,057,453	5,144,197
<u>118,600,093</u>	<u>112,262,589</u>	<u>106,268,838</u>	<u>100,211,385</u>	<u>95,067,188</u>
<u>\$ 127,340,234</u>	<u>\$ 118,600,093</u>	<u>\$ 112,262,589</u>	<u>\$ 106,268,838</u>	<u>\$ 100,211,385</u>
\$ 2,880,645	\$ 2,766,179	\$ 2,603,268	\$ 2,479,326	\$ 2,288,264
1,967,270	1,889,094	1,777,845	1,695,794	1,591,328
(2,104,618)	14,410,175	6,862,327	431,691	6,017,830
(6,478,481)	(5,836,806)	(5,165,273)	(4,619,338)	(4,320,808)
(86,853)	(74,479)	(74,547)	(66,784)	(69,597)
<u>(37,331)</u>	<u>(14,625)</u>	<u>132,837</u>	<u>(195,479)</u>	<u>(309,813)</u>
(3,859,368)	13,139,538	6,136,457	(274,790)	5,197,204
<u>111,992,958</u>	<u>98,853,420</u>	<u>92,716,963</u>	<u>92,991,753</u>	<u>87,794,549</u>
<u>\$ 108,133,590</u>	<u>\$ 111,992,958</u>	<u>\$ 98,853,420</u>	<u>\$ 92,716,963</u>	<u>\$ 92,991,753</u>
<u>\$ 19,206,644</u>	<u>\$ 6,607,135</u>	<u>\$ 13,409,169</u>	<u>\$ 13,551,875</u>	<u>\$ 7,219,632</u>
84.92%	94.43%	88.06%	87.25%	92.80%
\$ 28,103,852	\$ 26,987,062	\$ 25,397,782	\$ 24,225,635	\$ 22,733,251
68.34%	24.48%	52.80%	55.94%	31.76%

Taylor County, Texas

Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-4)

September 30, 2023

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Year Ending Sept 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	2,117,298	2,117,298	-	22,240,501	9.5%
2015	2,288,264	2,288,264	-	22,733,251	10.1%
2016	2,171,561	2,191,985	(20,424)	24,225,635	9.0%
2017	2,291,049	2,339,300	(48,251)	25,397,782	9.2%
2018	2,460,393	2,460,393	-	24,240,325	10.2%
2019	3,147,665	3,147,665	-	28,615,138	11.0%
2020	3,612,954	3,612,954	-	30,107,951	12.0%
2021	4,158,684	4,158,684	-	34,655,700	12.0%
2022	4,184,661	4,184,661	-	34,872,175	12.0%
2023	4,392,641	4,392,641	-	36,605,342	12.0%

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Total OPEB Liability				
Service cost	\$ 1,207,582	\$ 1,060,047	\$ 750,716	\$ 662,974
Interest on total OPEB liability	224,875	266,964	304,806	403,223
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience of the total OPEB liability	408,470	(412,722)	441,536	(1,320,024)
Changes of assumptions	(3,378,778)	(1,452,556)	1,275,995	923,758
Benefit payments	(680,778)	(643,657)	(683,154)	(313,787)
Net change in total OPEB liability	(2,218,629)	(1,181,924)	2,089,899	356,144
Total OPEB liability, beginning	11,958,062	13,139,986	11,050,087	10,693,943
Total OPEB liability, ending	<u>\$ 9,739,433</u>	<u>\$11,958,062</u>	<u>\$13,139,986</u>	<u>\$11,050,087</u>
Covered-employee payroll	\$28,474,357	\$30,104,096	\$27,824,291	\$25,161,658
Total OPEB liability as a percentage of covered-employee payroll	34.20%	39.72%	47.22%	43.92%

Note: No assets are accumulated in a trust that meet the criteria in GASB Statement No. 74, paragraph 4 for the OPEB plan.

Note: GASB No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the County will present information for those years for which information is available.

Taylor County, Texas  
Schedule of Changes in Total OPEB Liability and Related Ratios (Exhibit B-5)  
September 30, 2023

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Year Ended December 31, 2018	Year Ended December 31, 2017
\$ 698,530	\$ 604,648
349,389	353,784
-	-
271,581	-
(577,793)	666,182
(508,086)	(295,291)
<u>233,621</u>	<u>1,329,323</u>
<u>10,460,322</u>	<u>9,130,999</u>
<u><u>\$10,693,943</u></u>	<u><u>\$10,460,322</u></u>
\$23,865,750	\$22,596,834
44.81%	46.29%

**Note 1 - Budgetary Information**

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

1. The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means of financing them for the succeeding year, and delivers the proposed budget to Commissioners Court.
2. Commissioners Court holds budget sessions with each department head.
3. Commissioners Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners Court formally adopts the budget in the open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by commissioners in accordance with article 689A 11 or 689A 20 of Vernon's Annotated Civil Statutes.
7. Annual budgets are legally adopted for the General Fund, Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. The budgets are adopted on a basis consistent with generally accepted accounting principles.
8. An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2023 budget were approved by the Commissioners Court as provided by law.
9. Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

The ARPA Local Recovery fund has a project length budget and is not budgeted by fiscal year.

**Note 2 - Net Pension Liability – Texas County & District Retirement System**

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	11.6 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 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 services retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

**Changes in Assumptions**

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

**Changes of Benefit Terms**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

**Note 3 - Total OPEB Liability**

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Individual entry-age normal
Amortization method	Straight-line
Remaining amortization period	Does not apply
Inflation	2.50%
Discount rate	4.05%
Salary increases	0.40% to 5.25%, not including wage inflation of 3.00%
Health Care Trend Rates	Pre-65: Initial rate of 7.0% declining to an ultimate rate of 4.15% after 13 years Post-65: Initial rate of 5.30% declining to an ultimate rate of 4.15% after 12 years
Participation Rates	50% for employees who retire prior to age 65 20% for employees who retire after age 65
Mortality	For healthy retirees, the Pub-2010 General Retiree 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.

**Changes in Assumptions**

There was a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. Additionally, the demographic and salary increase assumptions were updated to reflect the 2020 TCDRS experience study and the methodology for determining service cost was changed to only include service with Taylor County.

**Changes of Benefit Terms**

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

**Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.



Combining Statements  
September 30, 2023

Taylor County, Texas

Taylor County, Texas  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit C-1)  
September 30, 2023

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 7,367,672	\$ 2,202,951	\$ 9,570,623
Investments	3,023,857	-	3,023,857
Accounts receivable, net			
Property taxes	-	67,573	67,573
Other	193,755	9,055	202,810
Inventory	74,876	-	74,876
Prepays	500	-	500
Due from other funds	243,843	-	243,843
	<u>\$ 10,904,503</u>	<u>\$ 2,279,579</u>	<u>\$ 13,184,082</u>
<b>Liabilities</b>			
Accounts payable	\$ 75,440	\$ -	\$ 75,440
Payroll liabilities	32,544	-	32,544
Deferred revenue	24,037	-	24,037
Due to other funds	252,805	-	252,805
Due to other governments	1,794	-	1,794
	<u>386,620</u>	<u>-</u>	<u>386,620</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	-	54,354	54,354
	<u>-</u>	<u>54,354</u>	<u>54,354</u>
<b>Fund Balances</b>			
Nonspendable	75,376	-	75,376
Restricted for			
Debt service	-	2,225,225	2,225,225
Grants	49,567	-	49,567
Technology	268,097	-	268,097
Security	482,122	-	482,122
Enabling legislation	5,992,876	-	5,992,876
Law enforcement	662,355	-	662,355
Committed for			
Other purposes	3,003,517	-	3,003,517
Unassigned	(16,027)	-	(16,027)
	<u>10,517,883</u>	<u>2,225,225</u>	<u>12,743,108</u>
	<u>\$ 10,904,503</u>	<u>\$ 2,279,579</u>	<u>\$ 13,184,082</u>

Taylor County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit C-2)  
Year Ended September 30, 2023

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	Special Revenue Funds	Debt Service Fund	Total Nonmajor Funds
<b>Revenues</b>			
Taxes			
Property taxes	\$ -	\$ 5,230,548	\$ 5,230,548
Intergovernmental and grants	1,340,161	-	1,340,161
Fines and fees	1,451,153	-	1,451,153
Investment earnings	296,395	85,120	381,515
Miscellaneous	939,595	-	939,595
Total revenues	4,027,304	5,315,668	9,342,972
<b>Expenditures</b>			
Current			
General government	179,717	-	179,717
Judicial	60,111	-	60,111
Legal	62,459	-	62,459
Elections	85,551	-	85,551
Public safety	2,128,714	-	2,128,714
Road and bridge	39,681	-	39,681
Health and welfare	263,050	-	263,050
Debt service			
Debt principal	-	2,445,000	2,445,000
Debt interest and agent fees	-	2,522,474	2,522,474
Capital outlay			
Capital outlay	135,297	-	135,297
Total expenditures	2,954,580	4,967,474	7,922,054
Excess (deficiency) of revenues over (under) expenditures	1,072,724	348,194	1,420,918
<b>Other financing sources (uses)</b>			
Transfers out	(250,000)	-	(250,000)
Total other financing sources	(250,000)	-	(250,000)
Net change in fund balances	822,724	348,194	1,170,918
Fund balances at beginning of year	9,695,159	1,877,031	11,572,190
Fund balances at end of year	\$ 10,517,883	\$ 2,225,225	\$ 12,743,108

	Settlement Proceeds	Errors and Omissions	County Clerk Restricted Fees	Dist Clerk Restricted Fees	Commissioners Special NAR
<b>Assets</b>					
Cash and cash equivalents	\$ 85,540	\$ 1,059,804	\$ 943,810	\$ 825,171	\$ 123,263
Investments	2,019,689	-	1,004,168	-	-
Accounts receivable, net	308	3,059	15,081	2,178	351
Inventory	-	-	-	-	-
Prepaid	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,105,537</b>	<b>\$ 1,062,863</b>	<b>\$ 1,963,059</b>	<b>\$ 827,349</b>	<b>\$ 123,614</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	1,577	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,577</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted for					
Grants	-	-	-	-	-
Technology	-	-	-	-	-
Security	-	-	-	-	-
Enabling legislation	-	1,062,863	1,961,482	827,349	123,614
Law enforcement	-	-	-	-	-
Committed for					
Other purposes	2,105,537	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>2,105,537</b>	<b>1,062,863</b>	<b>1,961,482</b>	<b>827,349</b>	<b>123,614</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,105,537</b>	<b>\$ 1,062,863</b>	<b>\$ 1,963,059</b>	<b>\$ 827,349</b>	<b>\$ 123,614</b>

Taylor County, Texas  
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-5)  
 September 30, 2023

VIT Escrow	JP PRC 1-1 Technology Fee	JP PRC 1-1 Security Fee	JP PRC 1-2 Technology Fee	JP PRC 1-2 Security Fee	JP PRC 2 Technology Fee	JP PRC 2 Security Fee
\$ 84,713	\$ 34,489	\$ 6,724	\$ 30,880	\$ 3,584	\$ 49,603	\$ 80,486
-	-	-	-	-	-	-
27,518	33	9	46	9	50	140
-	-	-	-	-	-	-
500	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 112,731</u>	<u>\$ 34,522</u>	<u>\$ 6,733</u>	<u>\$ 30,926</u>	<u>\$ 3,593</u>	<u>\$ 49,653</u>	<u>\$ 80,626</u>
\$ -	\$ 535	\$ -	\$ 522	\$ -	\$ -	\$ -
-	20	-	-	-	20	-
-	-	-	-	-	-	-
-	-	-	42	6,352	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	555	-	564	6,352	20	-
500	-	-	-	-	-	-
-	-	-	-	-	-	-
-	33,967	-	30,362	-	49,633	-
-	-	6,733	-	-	-	80,626
112,231	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(2,759)	-	-
-	-	-	-	-	-	-
<u>112,731</u>	<u>33,967</u>	<u>6,733</u>	<u>30,362</u>	<u>(2,759)</u>	<u>49,633</u>	<u>80,626</u>
<u>\$ 112,731</u>	<u>\$ 34,522</u>	<u>\$ 6,733</u>	<u>\$ 30,926</u>	<u>\$ 3,593</u>	<u>\$ 49,653</u>	<u>\$ 80,626</u>

	JP PRC 3 Technology Fee	JP PRC 3 Security Fee	JP PRC 4 Technology Fee	JP PRC 4 Security Fee	County Clerk Technology Fee
<b>Assets</b>					
Cash and cash equivalents	\$ 76,449	\$ 111,143	\$ 2,514	\$ 20,266	\$ 46,260
Investments	-	-	-	-	-
Accounts receivable, net	54	-	15	4	73
Inventory	-	-	-	-	-
Prepaid	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 76,503</b>	<b>\$ 111,143</b>	<b>\$ 2,529</b>	<b>\$ 20,270</b>	<b>\$ 46,333</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	42	-	-	-	-
Due to other governments	-	-	-	-	-
<b>Total liabilities</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted for					
Grants	-	-	-	-	-
Technology	76,461	-	2,529	-	46,333
Security	-	111,143	-	20,270	-
Enabling legislation	-	-	-	-	-
Law enforcement	-	-	-	-	-
Committed for					
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>76,461</b>	<b>111,143</b>	<b>2,529</b>	<b>20,270</b>	<b>46,333</b>
<b>Total liabilities and fund balances</b>	<b>\$ 76,503</b>	<b>\$ 111,143</b>	<b>\$ 2,529</b>	<b>\$ 20,270</b>	<b>\$ 46,333</b>

Taylor County, Texas  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-5)  
September 30, 2023

Dist Clerk Technology Fee	Courthouse Security	District Attorney Special	D.A. Narcotic Forfeiture	Election Service Contract	Juvenile Jury Fund	Juvenile Probation Grants
\$ 28,807	\$ 276,686	\$ 70,382	\$ 490,065	\$ 485,436	\$ 17,272	\$ 177,061
-	-	-	-	-	-	-
5	1,540	201	1,407	1,336	77	106,270
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	7,830	41,013
<u>\$ 28,812</u>	<u>\$ 278,226</u>	<u>\$ 70,583</u>	<u>\$ 491,472</u>	<u>\$ 486,772</u>	<u>\$ 25,179</u>	<u>\$ 324,344</u>
\$ -	\$ 14,495	\$ 131	\$ -	\$ 6,205	\$ 24,834	\$ -
-	381	-	-	20	-	24,319
-	-	-	-	-	-	-
-	-	-	-	-	-	199,939
-	-	-	-	-	-	-
-	14,876	131	-	6,225	24,834	224,258
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,812	-	-	-	-	-	-
-	263,350	-	-	-	-	-
-	-	-	-	480,547	-	-
-	-	70,452	491,472	-	345	100,086
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>28,812</u>	<u>263,350</u>	<u>70,452</u>	<u>491,472</u>	<u>480,547</u>	<u>345</u>	<u>100,086</u>
<u>\$ 28,812</u>	<u>\$ 278,226</u>	<u>\$ 70,583</u>	<u>\$ 491,472</u>	<u>\$ 486,772</u>	<u>\$ 25,179</u>	<u>\$ 324,344</u>

	Juvenile Local	Jail Commissary	Sheriff Forfeiture	County Jury Fund	Specialty Court
<b>Assets</b>					
Cash and cash equivalents	\$ 708,296	\$ 407,941	\$ 203,031	\$ 43,143	\$ 80,088
Investments	-	-	-	-	-
Accounts receivable, net	10,395	12,309	541	325	263
Inventory	-	74,876	-	-	-
Prepaid	-	-	-	-	-
Due from other funds	195,000	-	-	-	-
<b>Total assets</b>	<b>\$ 913,691</b>	<b>\$ 495,126</b>	<b>\$ 203,572</b>	<b>\$ 43,468</b>	<b>\$ 80,351</b>
<b>Liabilities</b>					
Accounts payable	\$ 15,711	\$ 6,579	\$ -	\$ -	\$ -
Payroll liabilities	-	6,207	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	9,806	-	-
Due to other governments	-	1,794	-	-	-
<b>Total liabilities</b>	<b>15,711</b>	<b>14,580</b>	<b>9,806</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Nonspendable	-	74,876	-	-	-
Restricted for					
Grants	-	-	-	-	-
Technology	-	-	-	-	-
Security	-	-	-	-	-
Enabling legislation	-	405,670	193,766	43,468	80,351
Law enforcement	-	-	-	-	-
Committed for					
Other purposes	897,980	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>897,980</b>	<b>480,546</b>	<b>193,766</b>	<b>43,468</b>	<b>80,351</b>
<b>Total liabilities and fund balances</b>	<b>\$ 913,691</b>	<b>\$ 495,126</b>	<b>\$ 203,572</b>	<b>\$ 43,468</b>	<b>\$ 80,351</b>

Taylor County, Texas  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-5)  
September 30, 2023

Truancy Prevention	Election Subsidy	Juvenile TDA Grant	Lateral Roads	Court Facility Fee	Court Reporter Service	County Law Library Fund
\$ 46,667	\$ 73,313	\$ 2,241	\$ 184,086	\$ 76,809	\$ 95,436	\$ 91,331
-	-	-	-	-	-	-
95	291	3,358	507	880	1,100	1,540
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 46,762</u>	<u>\$ 73,604</u>	<u>\$ 5,599</u>	<u>\$ 184,593</u>	<u>\$ 77,689</u>	<u>\$ 96,536</u>	<u>\$ 92,871</u>
\$ -	\$ -	\$ 2,923	\$ -	\$ -	\$ -	\$ 3,505
-	-	-	-	-	-	-
-	24,037	-	-	-	-	-
-	-	15,944	20,680	-	-	-
-	-	-	-	-	-	-
-	24,037	18,867	20,680	-	-	3,505
-	-	-	-	-	-	-
-	49,567	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
46,762	-	-	163,913	77,689	96,536	89,366
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(13,268)	-	-	-	-
-	-	-	-	-	-	-
<u>46,762</u>	<u>49,567</u>	<u>(13,268)</u>	<u>163,913</u>	<u>77,689</u>	<u>96,536</u>	<u>89,366</u>
<u>\$ 46,762</u>	<u>\$ 73,604</u>	<u>\$ 5,599</u>	<u>\$ 184,593</u>	<u>\$ 77,689</u>	<u>\$ 96,536</u>	<u>\$ 92,871</u>

	Language Access Fund	County Dispute Resolution	Justice Court Support	Judicial Education Fund	Public Probate Admin
<b>Assets</b>					
Cash and cash equivalents	\$ 31,609	\$ 92,487	\$ 60,827	\$ 4,925	\$ 11,658
Investments	-	-	-	-	-
Accounts receivable, net	332	755	475	75	250
Inventory	-	-	-	-	-
Prepaid	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 31,941</b>	<b>\$ 93,242</b>	<b>\$ 61,302</b>	<b>\$ 5,000</b>	<b>\$ 11,908</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted for					
Grants	-	-	-	-	-
Technology	-	-	-	-	-
Security	-	-	-	-	-
Enabling legislation	31,941	93,242	61,302	5,000	11,908
Law enforcement	-	-	-	-	-
Committed for					
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>31,941</b>	<b>93,242</b>	<b>61,302</b>	<b>5,000</b>	<b>11,908</b>
<b>Total liabilities and fund balances</b>	<b>\$ 31,941</b>	<b>\$ 93,242</b>	<b>\$ 61,302</b>	<b>\$ 5,000</b>	<b>\$ 11,908</b>

Taylor County, Texas  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-5)  
September 30, 2023

Delinquency Prevention	Court Initiated Guardians	Total Nonmajor Special Revenue Funds
\$ 66	\$ 23,310	\$ 7,367,672
-	-	3,023,857
-	500	193,755
-	-	74,876
-	-	500
-	-	243,843
<u>\$ 66</u>	<u>\$ 23,810</u>	<u>\$ 10,904,503</u>
\$ -	\$ -	\$ 75,440
-	-	32,544
-	-	24,037
-	-	252,805
-	-	1,794
-	-	386,620
-	-	75,376
-	-	49,567
-	-	268,097
-	-	482,122
66	23,810	5,992,876
-	-	662,355
-	-	3,003,517
-	-	(16,027)
<u>66</u>	<u>23,810</u>	<u>10,517,883</u>
<u>\$ 66</u>	<u>\$ 23,810</u>	<u>\$ 10,904,503</u>

	Settlement Proceeds	Errors and Omissions	County Clerk Restricted Fees	Dist Clerk Restricted Fees	Commissioners Special NAR
<b>Revenues</b>					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	-	-	545,708	154,361	-
Investment earnings	65,904	29,674	67,023	-	3,295
Other revenues	112,368	762	-	-	11,213
<b>Total revenues</b>	<b>178,272</b>	<b>30,436</b>	<b>612,731</b>	<b>154,361</b>	<b>14,508</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	161,487	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	-	-
Elections	-	-	-	-	-
Public safety	-	-	-	-	-
Road and bridge	-	-	-	-	-
Health and welfare	263,050	-	-	-	-
<b>Capital outlay</b>					
Capital outlay	-	-	14,412	-	-
<b>Total expenditures</b>	<b>263,050</b>	<b>-</b>	<b>175,899</b>	<b>-</b>	<b>-</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(84,778)</b>	<b>30,436</b>	<b>436,832</b>	<b>154,361</b>	<b>14,508</b>
<b>Other financing sources (uses)</b>					
Transfers out	(250,000)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(250,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(334,778)</b>	<b>30,436</b>	<b>436,832</b>	<b>154,361</b>	<b>14,508</b>
<b>Fund balances at beginning of year</b>	<b>2,440,315</b>	<b>1,032,427</b>	<b>1,524,650</b>	<b>672,988</b>	<b>109,106</b>
<b>Fund balances at end of year</b>	<b>\$ 2,105,537</b>	<b>\$ 1,062,863</b>	<b>\$ 1,961,482</b>	<b>\$ 827,349</b>	<b>\$ 123,614</b>

Taylor County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-6)  
Year Ended September 30, 2023

VIT Escrow	JP PRC 1-1 Technology Fee	JP PRC 1-1 Security Fee	JP PRC 1-2 Technology Fee	JP PRC 1-2 Security Fee	JP PRC 2 Technology Fee	JP PRC 2 Security Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,462	737	2,824	847	2,912	875
30,213	-	-	-	-	-	-
-	-	-	-	-	-	-
30,213	2,462	737	2,824	847	2,912	875
-	-	-	-	-	-	-
4,041	3,438	-	2,976	-	837	564
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,041	3,438	-	2,976	-	837	564
26,172	(976)	737	(152)	847	2,075	311
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,172	(976)	737	(152)	847	2,075	311
86,559	34,943	5,996	30,514	(3,606)	47,558	80,315
\$ 112,731	\$ 33,967	\$ 6,733	\$ 30,362	\$ (2,759)	\$ 49,633	\$ 80,626

	JP PRC 3 Technology Fee	JP PRC 3 Security Fee	JP PRC 4 Technology Fee	JP PRC 4 Security Fee	County Clerk Technology Fee
<b>Revenues</b>					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	1,361	401	374	114	2,809
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>1,361</b>	<b>401</b>	<b>374</b>	<b>114</b>	<b>2,809</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	-	-	-
Judicial	676	775	-	-	-
Legal	-	-	-	-	-
Elections	-	-	-	-	-
Public safety	-	-	-	-	-
Road and bridge	-	-	-	-	-
Health and welfare	-	-	-	-	-
<b>Capital outlay</b>					
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>676</b>	<b>775</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>685</b>	<b>(374)</b>	<b>374</b>	<b>114</b>	<b>2,809</b>
<b>Other financing sources (uses)</b>					
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>685</b>	<b>(374)</b>	<b>374</b>	<b>114</b>	<b>2,809</b>
<b>Fund balances at beginning of year</b>	<b>75,776</b>	<b>111,517</b>	<b>2,155</b>	<b>20,156</b>	<b>43,524</b>
<b>Fund balances at end of year</b>	<b>\$ 76,461</b>	<b>\$ 111,143</b>	<b>\$ 2,529</b>	<b>\$ 20,270</b>	<b>\$ 46,333</b>

Taylor County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue

Funds (Exhibit C-6)

Year Ended September 30, 2023

Dist Clerk Technology Fee	Courthouse Security	District Attorney Special	D.A. Narcotic Forfeiture	Election Service Contract	Juvenile Jury Fund	Juvenile Probation Grants
\$ -	\$ -	\$ -	\$ -	\$136,592	\$ -	\$ 1,034,032
2,751	98,211	3,966	-	161,417	-	-
-	-	1,952	15,110	9,260	622	11,243
-	-	-	22,426	-	205	-
2,751	98,211	5,918	37,536	307,269	827	1,045,275
-	18,230	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,000	61,459	-	-	-
-	-	-	-	81,800	-	-
-	-	-	-	-	-	1,005,094
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	14,496	-	48,550	-	-	-
-	32,726	1,000	110,009	81,800	-	1,005,094
2,751	65,485	4,918	(72,473)	225,469	827	40,181
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,751	65,485	4,918	(72,473)	225,469	827	40,181
26,061	197,865	65,534	563,945	255,078	(482)	59,905
\$ 28,812	\$ 263,350	\$ 70,452	\$ 491,472	\$480,547	\$ 345	\$ 100,086

	Juvenile Local	Jail Commissary	Sheriff Forfeiture	County Jury Fund	Specialty Court
<b>Revenues</b>					
Intergovernmental and grants	\$ 77,186	\$ -	\$ -	\$ -	\$ -
Fines and fees	5,515	-	-	26,584	24,102
Investment earnings	22,400	17,202	5,446	-	-
Other revenues	-	745,994	46,627	-	-
<b>Total revenues</b>	<b>105,101</b>	<b>763,196</b>	<b>52,073</b>	<b>26,584</b>	<b>24,102</b>
<b>Expenditures</b>					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	-	-
Elections	-	-	-	-	-
Public safety	116,559	803,922	37,160	-	-
Road and bridge	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay					
Capital outlay	14,442	20,180	23,217	-	-
<b>Total expenditures</b>	<b>131,001</b>	<b>824,102</b>	<b>60,377</b>	<b>-</b>	<b>-</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(25,900)</b>	<b>(60,906)</b>	<b>(8,304)</b>	<b>26,584</b>	<b>24,102</b>
<b>Other financing sources (uses)</b>					
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(25,900)</b>	<b>(60,906)</b>	<b>(8,304)</b>	<b>26,584</b>	<b>24,102</b>
<b>Fund balances at beginning of year</b>	<b>923,880</b>	<b>541,452</b>	<b>202,070</b>	<b>16,884</b>	<b>56,249</b>
<b>Fund balances at end of year</b>	<b>\$ 897,980</b>	<b>\$ 480,546</b>	<b>\$ 193,766</b>	<b>\$ 43,468</b>	<b>\$ 80,351</b>

Taylor County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue

Funds (Exhibit C-6)

Year Ended September 30, 2023

Truancy Prevention	Election Subsidy	Juvenile TDA Grant	Lateral Roads	Court Facility Fee	Court Reporter Service	County Law Library Fund
\$ -	\$ 7,997	\$ 50,037	\$ 34,317	\$ -	\$ -	\$ -
11,491	-	-	-	50,443	62,478	88,487
-	11,413	129	5,509	-	-	-
-	-	-	-	-	-	-
11,491	19,410	50,166	39,826	50,443	62,478	88,487
-	-	-	-	-	-	-
-	-	-	-	-	-	46,804
-	-	-	-	-	-	-
-	3,751	-	-	-	-	-
-	-	60,379	-	-	-	-
-	-	-	39,681	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,751	60,379	39,681	-	-	46,804
11,491	15,659	(10,213)	145	50,443	62,478	41,683
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,491	15,659	(10,213)	145	50,443	62,478	41,683
35,271	33,908	(3,055)	163,768	27,246	34,058	47,683
\$ 46,762	\$ 49,567	\$ (13,268)	\$ 163,913	\$ 77,689	\$ 96,536	\$ 89,366

	Language Access Fund	County Dispute Resolution	Justice Court Support	Judicial Education Fund	Public Probate Admin
<b>Revenues</b>					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	19,336	58,815	95,935	3,210	7,543
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>19,336</b>	<b>58,815</b>	<b>95,935</b>	<b>3,210</b>	<b>7,543</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	-	-
Elections	-	-	-	-	-
Public safety	-	-	105,600	-	-
Road and bridge	-	-	-	-	-
Health and welfare	-	-	-	-	-
<b>Capital outlay</b>					
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>105,600</b>	<b>-</b>	<b>-</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>19,336</b>	<b>58,815</b>	<b>(9,665)</b>	<b>3,210</b>	<b>7,543</b>
<b>Other financing sources (uses)</b>					
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>19,336</b>	<b>58,815</b>	<b>(9,665)</b>	<b>3,210</b>	<b>7,543</b>
<b>Fund balances at beginning of year</b>	<b>12,605</b>	<b>34,427</b>	<b>70,967</b>	<b>1,790</b>	<b>4,365</b>
<b>Fund balances at end of year</b>	<b>\$ 31,941</b>	<b>\$ 93,242</b>	<b>\$ 61,302</b>	<b>\$ 5,000</b>	<b>\$ 11,908</b>

Taylor County, Texas  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
 Funds (Exhibit C-6)  
 Year Ended September 30, 2023

Delinquency Prevention	Court Initiated Guardians	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 1,340,161
-	15,084	1,451,153
-	-	296,395
-	-	939,595
-	15,084	4,027,304
-	-	179,717
-	-	60,111
-	-	62,459
-	-	85,551
-	-	2,128,714
-	-	39,681
-	-	263,050
-	-	135,297
-	-	2,954,580
-	15,084	1,072,724
-	-	(250,000)
-	-	(250,000)
-	15,084	822,724
66	8,726	9,695,159
<u>\$ 66</u>	<u>\$ 23,810</u>	<u>\$ 10,517,883</u>

Taylor County, Texas  
Combining Statement of Net Position – Internal Service Funds (Exhibit C-7)  
September 30, 2023

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	Self Insurance Fund	Employee Benefits Fund	Other Benefits Fund	Total Internal Service Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,627	\$ 384,420	\$ 539,524	\$ 925,571
Accounts receivable	40	177,246	-	177,286
Total assets	1,667	561,666	539,524	1,102,857
<b>Liabilities</b>				
Accounts payable	893	59,567	-	60,460
Accrued liabilities	-	723,736	-	723,736
Due to other funds	13,000	302,664	-	315,664
Total liabilities	13,893	1,085,967	-	1,099,860
<b>Net position</b>				
Unrestricted	(12,226)	(524,301)	539,524	2,997
Total net position	\$ (12,226)	\$ (524,301)	\$ 539,524	\$ 2,997

Taylor County, Texas  
Combining Statement of Revenues, Expenditures and Changes in Net Position – Internal Service Funds  
(Exhibit C-8)  
Year Ended September 30, 2023

	Self Insurance Fund	Employee Benefits Fund	Other Benefits Fund	Total Internal Service Funds
Operating revenues				
Charges for services	\$ -	\$ 6,966,831	\$ 1,112,983	\$ 8,079,814
Stop loss revenue	-	1,496,665	-	1,496,665
Total operating revenues	-	8,463,496	1,112,983	9,576,479
Operating expenses				
Contracted services	-	2,548,421	-	2,548,421
Claims	109,157	8,509,921	573,459	9,192,537
Total operating expenses	109,157	11,058,342	573,459	11,740,958
Operating gain/(loss)	(109,157)	(2,594,846)	539,524	(2,164,479)
Nonoperating revenues				
Investment earnings	2,214	29,204	-	31,418
Settlement proceeds	6,130	-	-	6,130
Refunds	-	638,617	-	638,617
Total nonoperating revenues	8,344	667,821	-	676,165
Net gain/(loss) before transfers	(100,813)	(1,927,025)	539,524	(1,488,314)
Transfers				
Transfers in	150,000	433,484	-	583,484
Transfers out	(51,105)	-	-	(51,105)
Net transfers	98,895	433,484	-	532,379
Change in net position	(1,918)	(1,493,541)	539,524	(955,935)
Net position at beginning of year	(10,308)	969,240	-	958,932
Net position at end of year	\$ (12,226)	\$ (524,301)	\$ 539,524	\$ 2,997

Taylor County, Texas  
Combining Statement of Cash Flows – Internal Service Funds (Exhibit C-9)  
Year Ended September 30, 2023

	Self Insurance Fund	Employee Benefits Fund	Other Benefits Fund	Total Internal Service Funds
Operating activities				
Cash received from				
Interfund services provided	\$ -	\$ 6,799,894	\$ 1,112,983	\$ 7,912,877
Insurance providers	-	1,496,665	-	1,496,665
Cash payments for				
Claims	(112,615)	(8,197,468)	(573,459)	(8,883,542)
Insurance premiums	-	(2,548,421)	-	(2,548,421)
Net cash used for operating activities	<u>(112,615)</u>	<u>(2,449,330)</u>	<u>539,524</u>	<u>(2,022,421)</u>
Non-capital financing activities				
Transfers, net	101,895	433,484	-	535,379
Settlement proceeds	6,130	-	-	6,130
Refunds	-	638,617	-	638,617
Net cash from non-capital financing activities	<u>108,025</u>	<u>1,072,101</u>	<u>-</u>	<u>1,180,126</u>
Investing activities				
Interest and dividends	2,214	29,204	-	31,418
Net cash from investing activities	<u>2,214</u>	<u>29,204</u>	<u>-</u>	<u>31,418</u>
Change in cash and cash equivalents	(2,376)	(1,348,025)	539,524	(810,877)
Cash and cash equivalents - beginning of year	<u>4,003</u>	<u>1,732,445</u>	<u>-</u>	<u>1,736,448</u>
Cash and cash equivalents - end of year	<u>\$ 1,627</u>	<u>\$ 384,420</u>	<u>\$ 539,524</u>	<u>\$ 925,571</u>
Reconciliation of operating loss to net cash used for operating activities				
Operating loss	(109,157)	(2,594,846)	539,524	(2,164,479)
Net change in				
Accounts receivable	(40)	(166,937)	-	(166,977)
Accounts payable	(3,418)	32,812	-	29,394
Accrued liabilities	-	279,641	-	279,641
Total adjustments	<u>(3,458)</u>	<u>145,516</u>	<u>-</u>	<u>142,058</u>
Net cash used for operating activities	<u>\$ (112,615)</u>	<u>\$ (2,449,330)</u>	<u>\$ 539,524</u>	<u>\$ (2,022,421)</u>



Single Audit Section  
September 30, 2023

Taylor County, Texas



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Honorable Judge and Members of the Commissioners Court  
Taylor County, Texas  
Abilene, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Taylor County, Texas (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated April 3, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

The image shows a handwritten signature in black ink that reads "Eide Sallee LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
April 3, 2024



**Independent Auditor’s Report on Compliance for the Major Federal and State Programs; Report on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular**

The Honorable Judge and Members of the Commissioners Court  
Taylor County, Texas  
Abilene, Texas

**Report on Compliance for the Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited Taylor County, Texas’s (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the County’s major federal and state programs for the year ended September 30, 2023. The County’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal and State Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and TSAC and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal and state program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Abilene, Texas  
April 3, 2024

Taylor County, Texas  
Schedule of Expenditures of Federal Awards  
September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through Texas Department of Agriculture			
National School Lunch Program*	10.555	01212	\$ 44,592
Supply Chain Assistance*	10.555	01212	5,445
Total ALN 10.555			<u>50,037</u>
U.S. Department of Justice			
Passed through Texas Office of the Governor			
Edward Byrne Memorial Justice Assistance	16.738	2020-DJ-BX-0619	21,750
U.S. Department of Treasury			
Direct			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	2,015,205
U.S. Department of Transportation			
Passed Through Texas Department of Transportation			
State and Community Highway Safety**	20.600	2023-CIOT-00039	3,501
U.S. Department of Health and Human Services			
Passed through Texas Office of the Attorney General			
Child Support Enforcement	93.563	17-C0086	113,367
Passed through Texas Department of Family and Protective Services			
Title IV-E Legal Services	93.658	HHS000285100006	311,000
Title IV-E Child Welfare	93.658	HHS000285100004	15
Total ALN 93.658			<u>311,015</u>
Total U.S. Department of Health and Human Services			<u>424,382</u>
Total Federal Financial Assistance			<u><u>\$ 2,514,875</u></u>

\*Total Child Nutrition Cluster expenditures were \$50,037.

\*\*Total Highway Safety Cluster expenditures were \$3,501.

Taylor County, Texas  
Schedule of Expenditures of State Awards  
September 30, 2023

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State Grantor/Pass-Through Grantor/Program Title	Grant Number	Expenditures
Texas Historical Commission		
Texas Historic Courthouse Preservation Program	CTH-TAYLOR-XI-2020	\$ 1,668,092
Texas Indigent Defense Commission		
Indigent Defense Formula Grant	2023221	110,919
Texas Office of the Attorney General		
Statewide Automated Notification System	C-00404	29,588
Texas Office of the Governor - Criminal Justice Division		
Bullet-Resistant Shields	4663701	143,585
Purchase of Juvenile Services	4218302	21,280
Texas A&M AgriLife		
Feral Hog Abatement Program	<i>none</i>	<u>7,415</u>
Total State Financial Assistance		<u><u>\$ 1,980,879</u></u>

**Note 1 - General**

The accompanying schedules of expenditures of federal and state awards (the schedules) includes federal and state award activity of Taylor County, Texas (the County) under programs of the federal and state government for the year ended September 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Single Audit Circular. Because the schedules presents only a selected portion of the operations of the County, they are not intended to and do not present the financial position, changes in net position or fund balance, or cash flows of the County.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The County has not elected to use the 10% de minimis cost rate.

**Section I - Summary of Auditor's Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AND STATE AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

**Identification of major programs:**

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Name of State Program	
Texas Historic Courthouse Preservation Program	N/A
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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The audit disclosed no findings required to be reported.

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**Section III – Federal and State Award Findings and Questioned Costs**

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<b>Finding 2023-001:</b>	U.S. Department of the Treasury Federal Financial Assistance Listing 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Controls over Compliance
Criteria:	2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.
Condition:	The County's reports submitted to the Department of Treasury were not reviewed and approved by a separate individual outside of the preparer.
Cause:	The County did not have an internal control process in place to ensure a secondary review and approval of the reports submitted to the Department of Treasury were performed by someone other than the preparer of the report.
Effect:	Without a secondary review and approval, there is a possibility that the report may not be accurately completed.
Questioned Costs:	None.
Context / Sampling:	For the Coronavirus State and Local Fiscal Recovery Funds, a nonstatistical sample of 2 out of 4 reports were tested.
Repeat Finding from Prior Year:	Yes, prior year finding 2022-002
Recommendation:	We recommend the County implement a control process which includes a secondary review and approval of the required reports to be submitted to the federal agency.
Views of Responsible Officials:	Management agrees with the noted finding. Refer to Corrective Action Plan.

**Finding 2023-002:** Texas Historical Commission – Texas Historic Courthouse Preservation Program

**Compliance Requirement:** Procurement, Suspension, and Debarment

**Type of Finding:** Significant Deficiency in Internal Controls over Compliance and Immaterial Noncompliance

**Criteria:** Texas Grant Management Standards (TxGMS) indicate that the entity must establish effective internal control over the state awards to provide assurance that the entity is managing the award in compliance with appropriate statutes, regulations, and conditions.

**Condition:** The County failed to include certain required contract provisions in two contracts reviewed during testing.

**Cause:** The County purchasing policy did not detail all required contract elements as discussed in TxGMS.

**Effect:** Two construction contracts paid for with Texas Historic Courthouse Preservation Program (THCPP) funds were missing provisions required by TxGMS.

**Questioned Costs:** None

**Context / Sampling:** We tested 8 of 18 transactions subject to procurement in the THCPP program.

**Repeat Finding from Prior Year:** Yes, prior year finding 2022-003

**Recommendation:** The County’s purchasing policy should be updated to include all TxGMS required contract provisions. County procurement documents should be updated to include vendor certifications relating to all required TxGMS contract provisions.

**Views of Responsible Officials:** Management agrees with the noted finding. Refer to Corrective Action Plan.

<b>Finding 2023-003:</b>	U.S. Department of the Treasury Federal Financial Assistance Listing 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Compliance Requirement:	Procurement Suspension and Debarment
Type of Finding:	Significant Deficiency in Internal Controls over Compliance
Criteria:	<p>2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.</p> <p>Per 31 CFR 19.300, prior to enter in subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR § 19.300.</p>
Condition:	The County did not review two counselors to determine that they were not suspended, debarred, or otherwise excluded prior to entering into a transaction with them.
Cause:	The County relied on the Department of Public Safety FSCT clearinghouse and review of licensing for review of suspension for the two counselors, but did not review the counselors individually.
Effect:	Counselors could be suspended, debarred, or otherwise excluded, and the county would not be aware.
Questioned Costs:	None
Context / Sampling:	We tested 40 of 371 transactions subject to suspension and debarment in the SLFRF program.
Repeat Finding from Prior Year:	No
Recommendation:	The County should review all counselors for suspension and debarment similar to how they review all other vendors.
Views of Responsible Officials:	Management agrees with the noted finding. Refer to Corrective Action Plan.

**Elijah Anderson, CPA  
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Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
September 30, 2023

Prepared by Management of  
**Taylor County, Texas**

## Summary Schedule of Prior Audit Findings

### Finding 2022-001

Federal Agency Name: U.S. Department of the Treasury

Assistance Listing Number: 21.027

Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: The County provided a subaward of SLFRF funds to a subrecipient. The County did not include the required data elements in the subaward document, did not perform an assessment of the risk of subrecipient noncompliance with federal guidelines and grant terms, and did not review to determine that the subrecipient was not suspended or debarred. The County did not have a subrecipient monitoring policy in place that required compliance with these guidelines.

Status: Corrected

### Finding 2022-002

Federal Agency Name: U.S. Department of the Treasury

Assistance Listing Number: 21.027

Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: The County's annual performance reports submitted to the Department of Treasury were not reviewed and approved by a separate individual outside of the preparer.

Status: Ongoing, see Finding 2023-001

**Finding 2022-003**

State Agency Name:

Texas Secretary of State  
Texas Historical Commission

Program Name:

Reimbursement for Auditable Voting Machines  
Texas Historic Courthouse Preservation Program

Assistance Listing Number:

None

Finding Summary:

Texas Grant Management Standards (TxGMS) indicate that the entity must establish effective internal control over the state awards to provide assurance that the entity is managing the award in compliance with appropriate statutes, regulations, and conditions. The County failed to include certain required contract provisions in two contracts reviewed during testing. The County purchasing policy did not detail all required contract elements as discussed in TxGMS.

Status:

Ongoing, see Finding 2023-002

## Corrective Action Plan

### Finding 2023-001

Federal Agency Name: U.S. Department of the Treasury

Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Finding Summary: The County's quarterly performance reports submitted to the Department of Treasury were not reviewed and approved by a separate individual outside of the preparer.

Responsible Individuals: Elijah Anderson, County Auditor

Corrective Action Plan: Taylor County experienced personnel openings in FY 2023 for the position anticipated to prepare this report. Taylor County will continue to have the County Auditor prepare the performance reports, with a mechanical review of the report performed by an individual within the Auditor's Office.

Anticipated Completion Date: 04/30/2024 (Next reporting deadline)

### Finding 2023-002

State Agency Name: Texas Historical Commission

Program Name: Texas Historic Courthouse Preservation Program

Assistance Listing Number: None

Finding Summary: Texas Grant Management Standards (TxGMS) indicate that the entity must establish effective internal control over the state awards to provide assurance that the entity is managing the award in compliance with appropriate statutes, regulations, and conditions. The County failed to include certain required contract provisions in two contracts reviewed during testing. The County purchasing policy did not detail all required contract elements as discussed in TxGMS.

Responsible Individuals: Elijah Anderson, County Auditor

Corrective Action Plan: Taylor County added the required contract provisions to subsequent contracts under TxGMS, per the previous year finding, but did not add these provisions to existing contracts. Taylor County will add addendums to the existing contracts to provide assurance of compliance with TxGMS. Taylor County will amend its

purchasing policy so that all contract elements required under TxGMS are detailed, and will perform periodic reviews for any additions to required contract elements.

Anticipated Completion Date: 04/30/2024

**Finding 2023-003**

Federal Agency Name: U.S. Department of the Treasury

Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Finding Summary: 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award. Per 31 CFR 19.300, prior to enter in subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR § 19.300. The County did not review two counselors to determine that they were not suspended, debarred, or otherwise excluded prior to entering into a transaction with them.

Responsible Individuals: Elijah Anderson, County Auditor

Corrective Action Plan: Taylor County will start reviewing all vendors paid with federal funds against the sam.gov suspension and debarment review tool, and will document the periodic review of suspended and debarred vendors.

Anticipated Completion Date: Ongoing