

Annual Comprehensive Financial Report

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Ricardo Alvarado
COUNTY & DISTRICT CLERK, KINNEY CO.



Kinney County, Texas
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

KINNEY COUNTY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2024



Prepared By
Kinney County Auditor's Office
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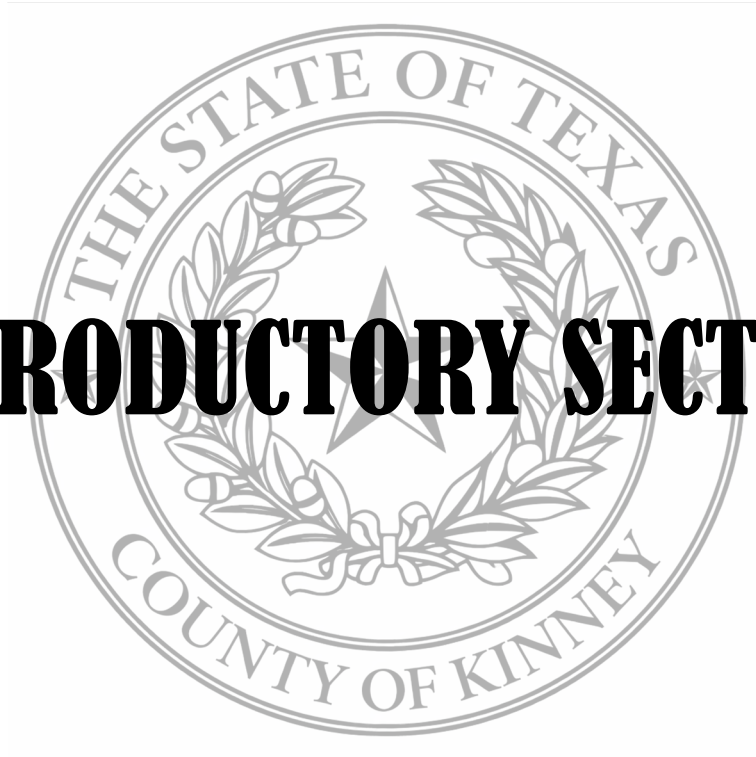
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INTRODUCTORY SECTION





KINNEY COUNTY

Office of the County Auditor

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500 S. Ann St.
Brackettville, TX 78832
(830) 563-2384

April 8, 2026

To the Honorable District Judge Roland Andrade, Commissioners' Court Members, and
Citizens of Kinney County and the Financial Community:

The annual comprehensive financial report of Kinney County, Texas (the "County") for the fiscal year ended September 30, 2024 is submitted herewith. This report is submitted in compliance with Section 114.02 of the Texas Local Government Code and has been prepared by the County Auditor.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Cascos & Associates, PC, independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2024 are free of material misstatement.

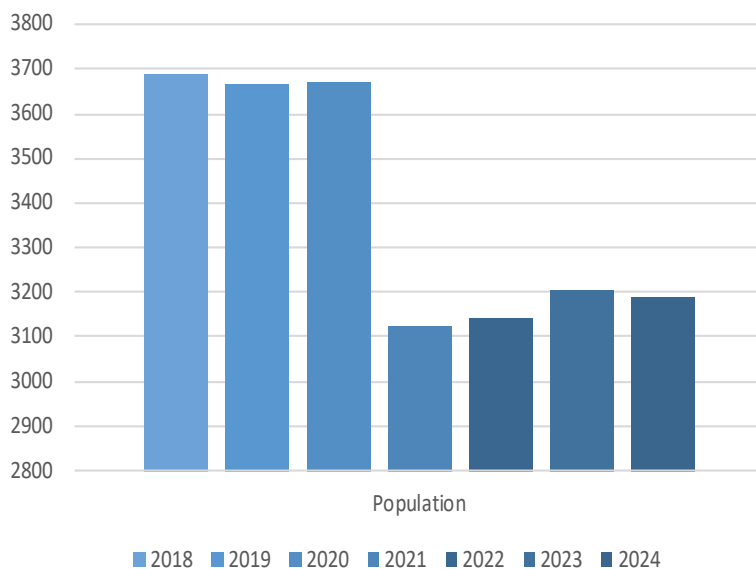
The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the County's financial statements for the fiscal year ended September 30, 2024, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Cascos & Associates, PC was engaged to perform audits of the County's federal and state awards that are designed to meet the audit requirements of: Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Texas Grant Management Standards. The audit reports on federal and state awards are issued separately.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

KINNEY COUNTY PROFILE

The Texas legislature formed Kinney County from Bexar County in 1850, five years after Texas statehood and named it for Henry Lawrence Kinney. The County was organized in 1874 and County government followed in 1875. In 1876, Brackettville was designated as the county seat after the final boundaries of the county were set by the legislature. The County is located on the southern border of Texas with only the Rio Grande separating it from Mexico and covers 1,365 square miles. According to the 2020 census, the population of Kinney County is 3,129 people, a decrease from 3,598 in 2010.



The Commissioners' Court is the general governing body of the County. The Court is made up of four County Commissioners, each elected from one of the County's four precincts, and the County Judge who is elected countywide and presides over the full Court. The Commissioners and the County Judge are elected to four year staggered terms. Despite the name, the Commissioners' Court is not a judicial court, but is the general governing body of the County. Among the major duties of the Court is to: 1) Set the tax rate and adopt the County budget; 2) Appoint County officials and hire personnel; 3) Fill elective and appointee vacancies; 4) Establish voting precincts, appoint precinct judges and call County bond elections; 5) Set contracts and authorize payment of all County bills and approval by the County Auditor; 6) Build and maintain County roads and bridges; 7) Build, maintain and improve County facilities; 8) Provide for hospitals, public welfare and veterans assistance; and 9) Provide for the technology and archival needs of the County.

The County provides those services allowed by the Constitution and Statutes of the State of Texas. Services include, but are not limited to, law enforcement, judicial proceedings, probation monitoring services, juvenile services, recording services related to judicial proceedings, public health and welfare, maintaining road and bridges, principally within the unincorporated areas of the County, and other related governmental functions.

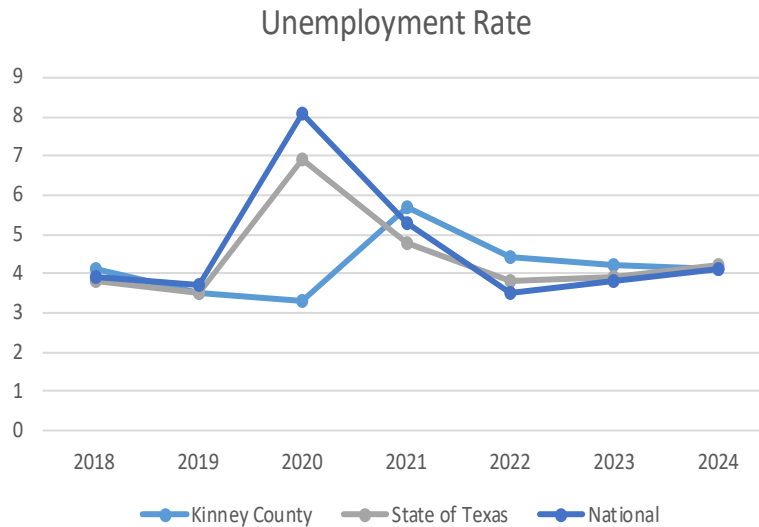
The annual budget serves as the foundation for the County's financial planning and control. Departmental annual budget requests are submitted to the County Judge and budget workshops are usually held in May and June. The County Judge along with the County Treasurer and County Auditor prepares the proposed annual operating budget to be presented to the Commissioners' Court for their consideration. Public hearings are held on the proposed budget. The Commissioners' Court must adopt an annual budget by a majority vote before September 30. The legal level of budgetary control is established at the line item level. Commissioners' Court may legally amend the budget. Management must seek approval of Commissioners' Court to transfer appropriations between line items. Budget-to-actual comparisons are provided in the required supplementary information for the general fund and in the supplementary information for all non-major governmental funds for which budgets are required.

LOCAL ECONOMY

Kinney County's economy is primarily ranch based, supplemented heavily by government/border related employment, with tourism and hunting as a smaller but important contributors. In 2023, there were 28 employer establishments in the county, with a total employment of 353 individuals and an annual payroll of \$15.8 million. Retail sales per capita were reported at \$5,388 in 2022.

The population is predominantly Hispanic or Latino, comprising 53.1% of residents. The county has a significant elderly population, with 26.1% of residents aged 65 and over. The median household income is estimated at \$66,341, and the per capita income is \$34,491

Following the trends of the national and state levels, County unemployment rose dramatically during the Coronavirus Pandemic that dominated 2020. In 2019, unemployment was an average of 3.5% for the County but rose to 5.8% in 2020 when the County was forced to shut down most non-essential businesses. Since 2020, unemployment has slowly decreased to roughly 3.3% as of December 2023. As the economy has slowed, unemployed has increased to 4.1% in 2024.



PLANNING FOR THE FUTURE

Responsible planning requires the Commissioners’ Court to plan the annual budget to cover not only the expenses of the current year, but to have sufficient reserves (Fund Balances) to meet unplanned expenses from statutory changes, market declines, natural disasters, lawsuits, etc. At this time, the Commissioners’ Court does not have a fund balance policy.

The Commissioners’ Court must set accurate and meaningful budgets for each of the County’s budgeted funds. When determining an appropriate Fund Balance, the Commissioners’ Court must weigh several factors including the legal requirements of each fund, annual budget of each fund, and \$0.80 constitutional ad valorem tax limit.

ACKNOWLEDGEMENTS

The completion of this report would not have been possible without the hard work and support from the independent auditors, Cascos and Associates, PC.

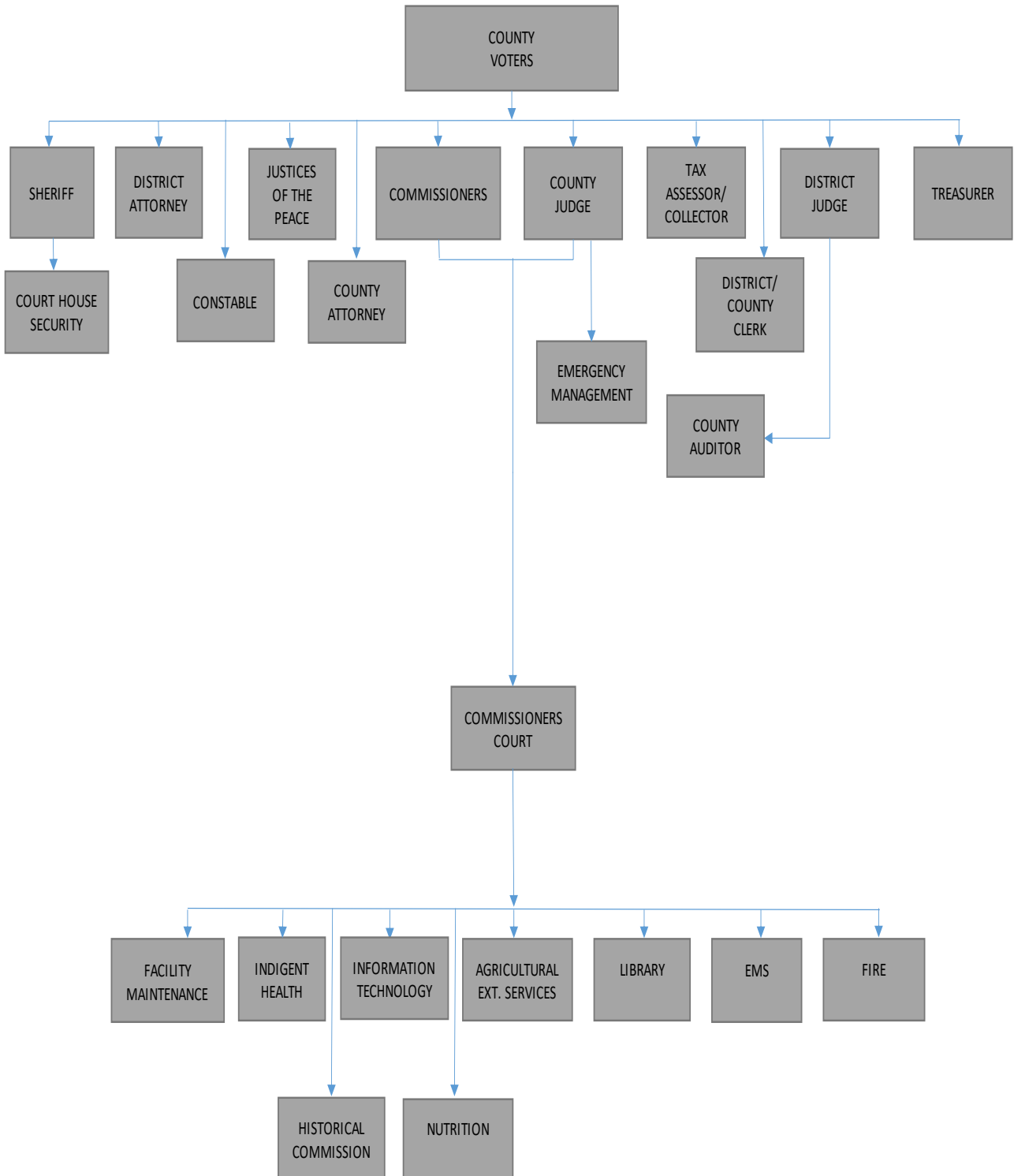
I wish to express my sincere appreciation to Judge Andrade for his continued interest and support over the past year, as well as his steadfast commitment to upholding statute. I also thank the Commissioners’ Court for another year that thoroughly demonstrated why strong statutory safeguards and an independent auditor are essential.

Respectfully Submitted,

Cheryll A. Jones
Kinney County Auditor

INTRODUCTORY SECTION

KINNEY COUNTY ORGANIZATIONAL CHART



INTRODUCTORY SECTION

LIST OF PRINCIPAL OFFICIALS AS OF SEPTEMBER 30, 2024

Commissioners Court:

John Paul Schuster	County Judge
Mark Frerich	Commissioner— Precinct 1
Joe Montalvo	Commissioner— Precinct 2
Dennis Dodson	Commissioner— Precinct 3
Tim Ward	Commissioner— Precinct 4

District Judge:

Roland Andrade	Judge— 63rd District Court
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County Judge:

John Paul Schuster	County Court
Narce Villarreal	Justice of the Peace

Law Enforcement:

Suzanne West	63rd District Attorney
Brent Smith	County Attorney
Brad Coe	Sheriff
Steven Gallegos	Constable

Administrative Officials:

Donieta O'Keefe	County Auditor
Rick Alvarado	County/District Clerk
Martha Padron	Tax Assessor Collector
Diana Gutierrez	Treasurer

Department Heads:

Vacant	Emergency Management Coordinator
Philip Garcia	Fire Chief
Yvette Garcia	Nutrition
Sara Rivas	Library

FINANCIAL SECTION





Cascos & Associates, PC

Certified Public Accountants
Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITORS' REPORT

To the Honorable Judge and
Commissioners' Court
Kinney County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kinney County, Texas (the "County") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1. To the financial statements, in 2024, the County adopted new accounting guidance, GASB Statement No. 100, Accounting for Changes and Error Corrections. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from



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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 generally accepted auditing standards 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, pension information, other post-employment benefits (OPEB) information and budgetary comparison information 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 the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *Texas Grant Management Standards (TxGMS)*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2026, on our consideration of the County'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 County's internal control over financial reporting and compliance.



Cascos & Associates, PC
Brownsville, Texas
April 8, 2026

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Kinney County, we offer readers of Kinney County's financial statements this narrative overview and analysis of the financial activities of Kinney County for the fiscal year ended September 30, 2024. The MD&A should be read in conjunction with the transmittal letter and the County's basic financial statements following this section.

Financial Highlights

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Kinney County's basic financial statements. Kinney County's financial statements consist of three components:

- ◆ *Government-Wide Financial Statements*
- ◆ *Governmental Funds Financial Statements*
- ◆ *Fiduciary Funds Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements are designed to provide an overall picture of the financial position of Kinney County, similar to a business in the private sector.

The *Statement of Net Position* presents all of Kinney County's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the four reported as net position. Over time, net position can be an indicator of the financial health of the County and whether it is improving or deteriorating. The County reports all of its assets when it acquires ownership and reports all of its liabilities when they are incurred.

The *Statement of Activities* presents information showing how the County's net position changed during the fiscal year by reporting the revenues and expenses. Revenues and expenses are reported as incurred regardless of the timing of the related cash flow.

Fund Financial Statements

The fund financial statements focus on the specific activities of the County rather than on the County as a whole. Kinney County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources established by governmental statutes. The County's fund financial statements are divided into two categories: governmental funds and fiduciary funds. The County currently only has fiduciary funds that are custodial in nature.

FINANCIAL SECTION

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements but on a much narrower focus.

Governmental funds financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. Because the focus of the governmental funds is narrower than that of the government-wide statements, they measure and account for cash and other assets that can easily be converted to cash. Fund liabilities include amounts that are to be paid within a short period after the end of the year. The difference between a fund's total assets and total liabilities and deferred inflows of resources is labeled as the fund balance and generally indicates the total amount that can be used to finance the next fiscal year's activities.

The County maintains 53 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statements of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, debt service fund, capital projects fund and grant funds which are considered to be major funds. All other funds are aggregated and reported in a single presentation as "Other Governmental Non-Major Funds". The County's *Governmental Funds Financial Statements* begin on page 12.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* presented as part of the government-wide financial statements because these funds cannot be used to finance the County's own operating programs. The County is responsible for ensuring that the activities reported in fiduciary funds are in compliance with their intended purpose.

Fiduciary funds are presented in the *Fund Financial Statements* and begins on page 19.

Notes to the financial statements. The notes provide additional information of the data provided in the government-wide and fund financial statements. The County's notes to the financial statements are found on pages 21-48.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, the County also presents certain *required supplementary information* which includes a budget to actual comparison schedule for the general fund as well as required pension information. Required supplementary information can be found on pages 49-87 of this report.

FINANCIAL SECTION

Government-Wide Financial Analysis

As noted previously, net position may serve as a useful indicator of the County's financial position in Kinney County.

A large portion of the County's net position, \$6,417,688 reflects investment in capital assets, less any related debt used to acquire those assets still outstanding, excluding unspent proceeds. The County uses these capital assets to provide services to citizens.

Kinney County's Net Position

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Cash and Investments	\$ 8,040,683	\$ 5,968,446	\$ 2,072,237
Receivables, Net of Allowance	298,874	432,328	(133,454)
Other Current and Non- Current Assets	748,509	34,782	713,727
Capital Assets	6,346,298	5,753,196	593,102
Net Pension Asset	652,424	290,279	362,145
Total Assets	<u>16,086,789</u>	<u>12,479,031</u>	<u>3,607,758</u>
Deferred Outflows Related to Pensions	<u>423,331</u>	<u>456,127</u>	<u>(32,796)</u>
Total Deferred Outflows of Resources	423,331	456,127	(32,796)
Accounts Payable	57,609	174,520	(116,911)
Other Current Liabilities	1,141,273	-	1,141,273
Current Portion of Long-Term Debt	37,829	-	37,829
Long-Term Debt	<u>5,667,722</u>	<u>81,836</u>	<u>5,585,886</u>
Total Liabilities	<u>6,904,431</u>	<u>256,356</u>	<u>6,648,075</u>
Deferred Inflow of Resources	<u>101,616</u>	<u>90,120</u>	<u>11,496</u>
Net Position:			
Net Investment in Capital Assets	6,417,688	5,651,078	766,610
Restricted	1,931,739	2,370,401	(438,662)
Unrestricted	-	-	-
Committed	-	360,350	(360,350)
Unassigned	<u>6,031,545</u>	<u>4,206,853</u>	<u>1,824,692</u>
Total Net Position	<u>\$ 14,380,971</u>	<u>\$ 12,588,682</u>	<u>\$ 1,792,290</u>

FINANCIAL SECTION

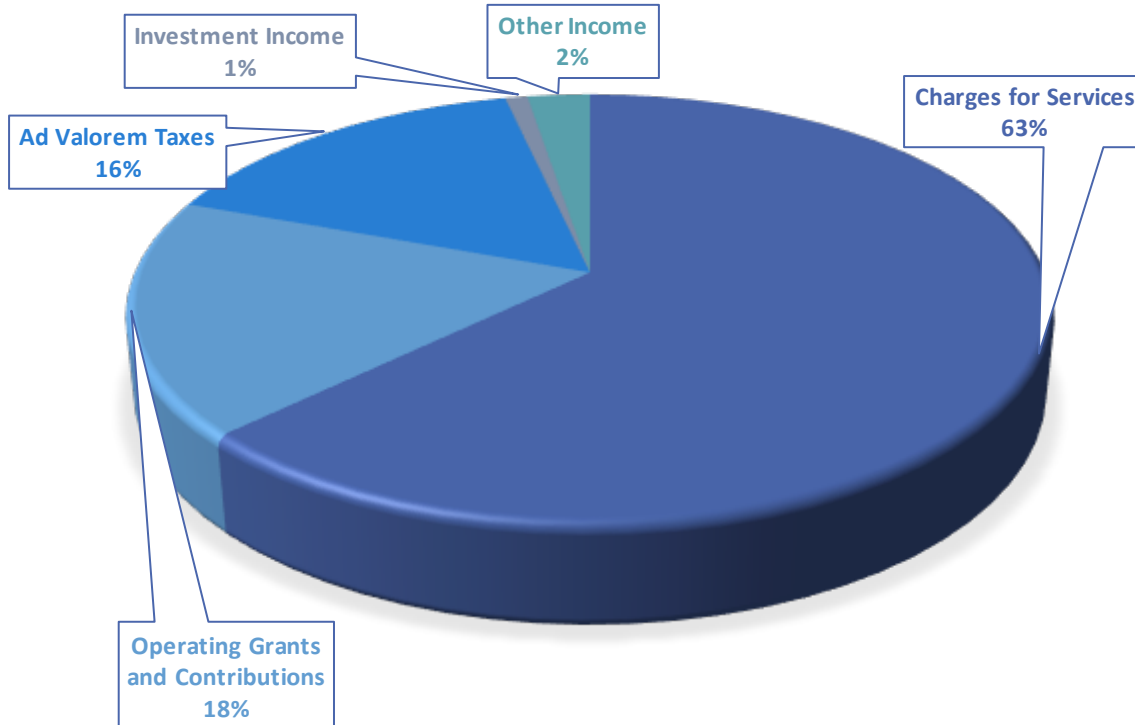
The County has a positive net position for the government as a whole. The County's net position increased \$1,483,161 during the current fiscal year. This increase represents the degree to which ongoing revenues have surpassed ongoing expenses. Revenues increased \$17,317,244 which is approximately 134.96% percent, due to a reclassification of revenues for the detention facility. There was also an increase in ad valorem taxes and other income. Expenses increased \$18,499,431 or nearly 181.98% percent. This is directly related to the reclassification of expenses from the detention facility.

Kinney County's Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenues:				
Net Program Revenues:				
Charges for Services	\$ 18,400,599	\$ 2,151,507	\$ 16,249,092	755.24%
Operating Grants and Contributions	5,233,174	3,603,845	1,629,329	45.21%
Capital Grants	-	1,325,038	(1,325,038)	-100.00%
General Revenues:				
Property Taxes	4,648,143	4,408,947	239,196	5.43%
Other Taxes	840,153	654,304	185,849	28.40%
Investment Income	269,353	225,365	43,988	19.52%
Other Income	756,955	462,127	294,828	63.80%
Total Revenues	<u>30,148,376</u>	<u>12,831,133</u>	<u>17,317,244</u>	<u>134.96%</u>
Expenses:				
General Administration	842,080	1,646,512	(804,432)	-48.86%
Judicial	852,975	879,762	(26,787)	-3.04%
Elections	2,815	-	2,815	100.00%
Financial Administration	427,495	271,153	156,342	57.66%
Public Facilities	1,819,360	1,086,326	733,034	67.48%
Public Safety	22,578,913	5,462,396	17,116,517	313.35%
Health and Welfare	1,912,651	261,984	1,650,667	630.06%
Conservation	117,600	114,119	3,481	3.05%
Road and Bridge	356,828	443,532	(86,704)	-19.55%
Long-Term Interest Payments	2,658	-	2,658	100.00%
Employee Pension Expense	(248,160)	-	(248,160)	100.00%
Total Expenses	<u>28,665,216</u>	<u>10,165,784</u>	<u>18,499,431</u>	<u>181.98%</u>
Change in Net Position	1,483,161	2,665,349	(1,182,188)	-44.35%
Net Position - Beginning, As Previously Presented	12,588,682	9,923,333	2,665,349	26.86%
Error Correction	309,134	-	309,134	100.00%
Net Position - Beginning, As Adjusted or Restated	<u>12,897,816</u>	<u>9,923,333</u>	<u>2,974,483</u>	<u>29.97%</u>
Net Position - Ending	<u>\$ 14,380,971</u>	<u>\$ 12,588,682</u>	<u>\$ 1,483,161</u>	<u>11.78%</u>

FINANCIAL SECTION

SOURCES OF REVENUE



Revenues

Revenues totaled \$30.1 million in 2024 compared to \$12.8 million in 2023—an overall increase of \$17.3 million.

- Charges for Services of \$18.4 million represent the largest revenue source for the County—providing 63% of revenues in 2024. This is directly related to the housing of prisoners by the US Marshalls in the County’s Detention Facility.
- Operating Grants and Contributions provided over \$5.2 million in 2024. The grants from various State and Federal agencies help finance adult and juvenile probation services, law enforcement activities, indigent defense services, criminal prosecutions, road repairs and emergency management functions.
- Property Taxes provided over \$4.6 million in 2024. This is due to the increase in property values across the County driven by an increase in local real estate market values.

Ad Valorem Taxes (property taxes) revenue increased \$239 thousand from 2023 to 2024. Tax revenues are the actual amounts collected from the total tax levy. The total tax levy is a function of both total appraised values (tax base) and the tax rate. Additional information on assessed property values and levies can be found in the Statistical Section that begins on page 90.

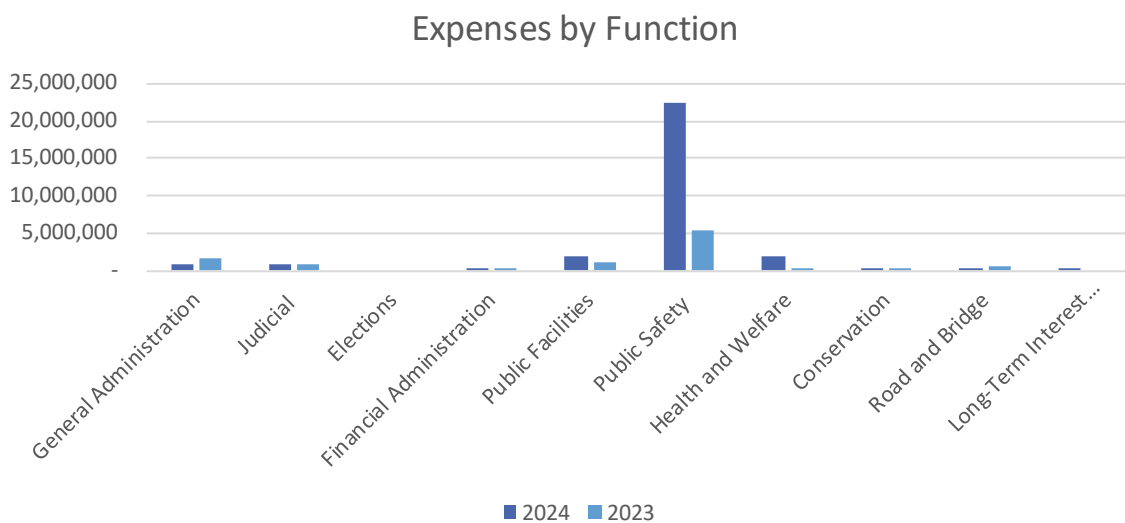
FINANCIAL SECTION

Tax Base

- In 2024, the tax base rose from \$795 million to \$954 million, an increase 20%.
- In 2023, the tax base rose from \$721 million to \$795 million, an increase of 10.26%.

Tax Rates

- Tax rates are set by the Commissioners Court. Depending on the fluctuations in total appraised values, the Commissioners Court can raise or lower the tax rate to generate the revenue it deems necessary for the budget.
- The tax rate in 2024 increased to \$0.5008 a increase of \$0.0172 or 15.69% The General Fund increased from \$0.4664 to \$0.4836. Road and Bridge Fund stayed the same at \$.0172.
- The tax rate in 2023 decreased to \$0.4836 a decrease of \$0.0759 or 13.57% The General Fund decreased from \$0.5396 to \$0.4664. Road and Bridge Fund decreased from \$0.0199 to \$0.0172.



FINANCIAL SECTION

According to the table on page 7, *Government-Wide* expenses increased from \$10.2 million in 2023 to \$28.7 million in 2024, an increase of \$18.5 million or 755.24%. This is due to reclassification of expenses for the Detention Center that were previously reported as a fiduciary function

Public Safety is by far the largest user of County resources. Public safety expenses total \$22.6 million.

Included in the Public Safety function are:

- The activities of the Sheriff and the Constables
- The operation of the Detention Center

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the County's *Governmental Funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$7,140,676. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was \$4,321,000. The fund balance of the County's general fund increased by \$795,971 during the current fiscal year. Revenues increased \$1,387,781 from the prior year. The increase in fund balance is primarily due to increase in sales taxes, forfeitures and miscellaneous income.

The road and bridge fund accounts for monies restricted for the acquisition, construction and maintenance of county roads and bridges. The fund has a total fund balance of \$276,828 an increase of \$99,290 due to excess revenues over expenses and a transfer into the account.

The detention facility fund has a total fund balance of \$887,936, a decrease of \$469,602. This fund shows a reclassification of revenues and expenses related to the detention facility.

The Operation Lone Star fund has a fund balance of \$0. This fund represents a reimbursable grant administered through the Office of the Governor. This fund has a prior period adjustment to correct the fund balance of \$55,289 reported for 2023. Reimbursable grants should not have a fund balance.

FINANCIAL SECTION

The grant funds have a fund balance of \$0. Grant years are based on the State's fiscal year and the County reports this fund on the County's fiscal year. The majority of these funds are reimbursable or the funds not used are due back to the grantor.

Other non-major governmental funds are for specific purposes. Revenues exceeded expenses causing a increase of \$351,829 in fund balance.

Economic Factors and Next Year's Budgets and Rates

Kinney County's economic condition remains positive.

- The unemployment rate for Kinney County has continued to decline since reaching a high of 5.7 percent in 2021 to 4.1 percent by the end of 2024. The State's average unemployment rate also decreased from 6.9 percent in 2020 to 4.2 percent in 2024. The national average also made a decrease to 4.1 percent.
- Continued increase in the tax rolls in Kinney County due to an increase in values.

All of these factors were considered in preparing the County's budget for the 2025 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Kinney County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided should be addressed to the Kinney County Auditor, PO Box 1219, Brackettville, TX 78832.



FINANCIAL SECTION

STATEMENT OF NET POSITION September 30, 2024

	Governmental Activities
ASSETS	
Cash	\$ 7,957,424
Investments	83,259
Taxes Receivable, Net of Allowance	151,753
Accounts Receivable, Net of Allowance	1,934
Due from Other Governments	145,187
Net Pension Asset	652,424
Total Current Assets	<u>8,991,981</u>
Capital Assets:	
Capital Assets Not Being Depreciated	501,537
Other Capital Assets, Net of Depreciation	5,844,761
Other Assets:	
Leases	96,085
Total Noncurrent Assets	<u>6,442,383</u>
TOTAL ASSETS	<u>15,434,364</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other Pension Items	<u>423,331</u>
TOTAL DEFERRED OUTFLOWS	<u>423,331</u>
LIABILITIES	
Accounts Payable	57,609
Due to Other Governments	977,262
Due to Others	12,773
Unearned Revenue	151,238
Current Portion of Long Term Liabilities, Amount Due or Payable Within One Year:	
Capital Leases Payable	8,031
Compensated Absences	37,829
Total Current Liabilities	<u>1,244,741</u>
Long Term Liabilities, Portion Due or Payable After One Year:	
Capital Leases Payable	16,665
Compensated Absences	113,701
Total Noncurrent Liabilities	<u>130,366</u>
TOTAL LIABILITIES	<u>1,375,106</u>
DEFERRED INFLOWS OF RESOURCES	
Difference in expected and actual pension experience	101,616
TOTAL DEFERRED INFLOWS	<u>101,616</u>
NET POSITION	
Net Investment in Capital Assets	6,417,688
Restricted for:	
Other Purposes	1,931,739
Unrestricted	6,031,545
TOTAL NET POSITION	<u>\$ 14,380,971</u>

See accompanying notes to the financial statements

FINANCIAL SECTION

STATEMENT OF ACTIVITIES Year Ended September 30, 2024

FUNCTION	Governmental Activities			
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General Administration	\$ 842,080	\$ 50,731	\$ 843	\$ (790,506)
Judicial	852,975	18,122,179	58,033	17,327,237
Elections	2,815	-	3,656	841
Financial Administration	427,495	-	-	(427,495)
Public Facilities	1,819,360	-	400,275	(1,419,085)
Public Safety	22,578,913	2,314	4,272,460	(18,304,139)
Health and Welfare	1,912,651	225,374	455,983	(1,231,294)
Conservation	117,600	-	-	(117,600)
Road and Bridge	356,828	-	41,924	(314,904)
Interest Payments on Long Term Debt	2,658	-	-	(2,658)
Employee Pension Expense	(248,160)	-	-	248,160
TOTAL	<u>\$ 28,665,216</u>	<u>\$ 18,400,599</u>	<u>\$ 5,233,174</u>	<u>(5,031,443)</u>
General Revenues				
Taxes				
Property				4,648,143
Sales Tax				840,153
Investment Income				269,353
Miscellaneous				756,955
TOTAL GENERAL REVENUES				<u>6,514,604</u>
CHANGE IN NET POSITION				1,483,161
Net Position - Beginning of Year				12,588,682
Error Correction				309,134
Restated Net Position - Beginning of Year				<u>12,897,816</u>
Net Position - End of Year				<u>\$ 14,380,971</u>

See accompanying notes to the financial statements

FINANCIAL SECTION

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2024

	General Fund	Road and Bridge Funds	Detention Facility	Operation Lone Star	Grant Funds	Other Governmental (Non-Major) Funds	TOTAL
ASSETS							
Cash	\$ 4,691,943	\$ 275,450	\$ 513,924	\$ 462,189	\$ 437,111	\$ 1,576,809	\$ 7,957,426
Investments	-	-	-	-	-	83,259	83,259
Accounts Receivable (net of allowance for uncollectible)	-	-	-	-	-	1,934	1,934
Taxes Receivable (net):							
Current (2024) Roll	158,598	(759)	-	-	-	-	157,839
Less Allowance for Uncollectible Taxes	(6,344)	257	-	-	-	-	(6,087)
Due from Other Funds	52,940	7,723	374,012	-	-	18,570	453,245
Due from Other Governments	-	-	-	-	145,187	-	145,187
TOTAL ASSETS	\$ 4,897,137	\$ 282,671	\$ 887,936	\$ 462,189	\$ 582,298	\$ 1,680,572	\$ 8,792,803
LIABILITIES							
Accounts Payable	\$ 27,217	\$ 762	\$ -	\$ -	\$ 4,468	\$ 25,162	\$ 57,609
Due to Other Funds	396,666	5,681	-	-	50,399	498	453,245
Due to Other Governments	-	-	-	462,189	515,074	-	977,263
Due to Others	-	417	-	-	12,356	-	12,773
TOTAL LIABILITIES	423,883	6,860	-	462,189	582,299	25,660	1,500,890
DEFERRED INFLOWS OF RESOURCES							
Taxes Collected in Advance	152,254	(1,017)	-	-	-	-	151,238
TOTAL DEFERRED INFLOWS OF RESOURCES	152,254	(1,017)	-	-	-	-	151,238
FUND BALANCE							
Restricted							
Nonspendable / Prepaid Assets	-	2,589	-	-	-	-	2,589
Restricted	-	274,239	-	-	-	1,654,912	1,929,151
Total Restricted	-	276,828	-	-	-	1,654,912	1,931,740
Unrestricted							
Unassigned	4,321,000	-	887,936	-	-	-	5,208,936
Total Unrestricted	4,321,000	-	887,936	-	-	-	5,208,936
TOTAL FUND BALANCE	4,321,000	276,828	887,936	-	-	1,654,912	7,140,676
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 4,897,137	\$ 282,671	\$ 887,936	\$ 462,190	\$ 582,298	\$ 1,680,572	\$ 8,792,804

See accompanying notes to the financial statements

FINANCIAL SECTION

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE TO GOVERNMENTAL ACTIVITIES NET POSITION September 30, 2024

Total Fund Balance as reported in the Governmental Funds Balance Sheet.	\$ 7,140,674
<i>Total net assets reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital and lease assets used in governmental activities are not financial resources, and are therefore not reported in the Governmental Funds Financial Statements.	7,094,808
The modified accrual method of accounting used in the Governmental Funds Financial Statements does not provide for the Deferred outflow of resources for pension. Accordingly, the deferred outflows are only recorded in the Government-Wide Financial Statements.	423,331
The modified accrual method of accounting used in the Governmental Funds Financial Statements does not provide for the Deferred inflow of resources for pension. Accordingly, the deferred inflows are only recorded in the Government-Wide Financial Statements.	(101,616)
Long-term liabilities are not due and payable in the current period and are not anticipated to use current financial resources. Therefore, those liabilities are not reported in the Governmental Funds Balance Sheet. Both the current and long-term portions are reported in the Government-Wide Statement of Net Position.	
Compensated Absences	(151,529)
Lease Payable	(24,696)
<i>Total Net Position</i>	\$ <u>14,380,971</u>

FINANCIAL SECTION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended September 30, 2024

	General Fund	Road and Bridge Funds	Detention Facility	Operation Lone Star
REVENUES				
Ad Valorem Taxes	\$ 4,500,881	\$ 330,081	\$ -	\$ -
Sales Tax Commissions	840,153	-	-	-
Fines and Forfeitures	1,597,904	-	-	-
State and Federal Contracts	156,602	10,569	-	3,240,605
Fees of Office	80,115	-	-	-
Fees and Commissions	4,639	5,287	16,116,752	-
Other Income				
Interest	208,422	8,325	36,744	-
Rent	5,381	-	-	-
Sales	-	-	-	-
Refunds and Reimbursements	34,524	-	3,628	-
Other Services	308,669	-	-	-
Donations	719	-	-	-
Miscellaneous	15,032	-	-	-
TOTAL REVENUES	7,753,040	354,262	16,157,124	3,240,605
EXPENDITURES				
General Administration	2,003,888	-	-	-
Judicial	605,610	-	-	-
Elections	-	-	-	-
Financial Administration	419,750	-	-	-
Public Facilities	1,262,573	-	-	-
Public Safety	1,990,073	-	15,846,726	3,240,605
Health and Welfare	1,113,015	-	-	-
Conservation	113,997	-	-	-
Road and Bridge	-	264,971	-	-
Principal Payments	11,349	-	-	-
Interest Payments and Other Charges	2,658	-	-	-
TOTAL EXPENDITURES	7,522,913	264,971	15,846,726	3,240,605
EXCESS REVENUES (EXPENDITURES)	230,127	89,290	310,398	-
OTHER FINANCING SOURCES (USES)				
Transfers In	780,000	10,000	-	-
Transfers Out	(228,163)	-	(780,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	551,837	10,000	(780,000)	-
CHANGE IN FUND BALANCE	781,964	99,290	(469,602)	-
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	3,414,126	177,538	1,357,538	55,289
Error Correction	124,909	-	-	(55,289)
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	3,539,035	177,538	1,357,538	-
FUND BALANCE, END OF YEAR	\$ 4,321,000	\$ 276,828	\$ 887,936	\$ -

See accompanying notes to the financial statements

FINANCIAL SECTION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (concluded) Year Ended September 30, 2024

	Grant Funds	Other Governmental (Non-Major) Funds	T O T A L 2 0 2 4
REVENUES			
Ad Valorem Taxes	\$ -	\$ -	\$ 4,830,962
Sales Tax Commissions	-	-	840,153
Fines and Forfeitures	-	-	1,597,904
State and Federal Contracts	1,769,062	70,256	5,247,093
Fees of Office	-	213,326	293,441
Fees and Commissions	-	123,028	16,249,706
Other Income			
Interest	-	15,862	269,353
Rent	-	-	5,381
Sales	-	571,093	571,093
Refunds and Reimbursements	-	1,148	39,300
Other Services	-	-	308,669
Donations	-	26,750	27,469
Miscellaneous	33,914	1,724	50,670
TOTAL REVENUES	<u>1,802,976</u>	<u>1,023,188</u>	<u>30,331,193</u>
EXPENDITURES			
General Administration	-	9,569	2,013,457
Judicial	29,137	214,826	849,573
Elections	-	1,266	1,266
Financial Administration	-	-	419,750
Public Facilities	400,275	-	1,662,848
Public Safety	933,303	373,493	22,384,200
Health and Welfare	408,905	290,368	1,812,288
Conservation	-	-	113,997
Road and Bridge	31,355	-	296,326
Principal Payments	-	-	11,349
Interest Payments and Other Charges	-	-	2,658
TOTAL EXPENDITURES	<u>1,802,976</u>	<u>889,522</u>	<u>29,567,712</u>
EXCESS REVENUES (EXPENDITURES)	<u>-</u>	<u>133,666</u>	<u>763,481</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	218,163	1,008,163
Transfers Out	-	-	(1,008,163)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>218,163</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>351,829</u>	<u>763,481</u>
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	<u>347,424</u>	<u>746,583</u>	<u>6,098,499</u>
Error Correction	(347,424)	556,502	278,698
FUND BLAANCE, BEGINNING, AS ADJUSTED OR RESTATED	-	1,303,085	6,377,196
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 1,654,912</u>	<u>\$ 7,140,676</u>

See accompanying notes to the financial statements

FINANCIAL SECTION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended September 30, 2024

Net change in fund balances for governmental funds \$ 763,481

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

Differences in Recording Receivables and Revenues:

There are differences in the way revenues are recorded in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Net Activity. These differences arise due to the different measurement focuses and the basis of accounting used in those respective statements:

The Governmental Funds use the modified accrual accounting method and the current financial resources measurement focus. The Government-Wide financial statements use the full accrual method of accounting and the economic resources measurement focus. The specific revenue differences are described below.

Taxes Receivable recognized as revenue on the government-wide financial statements in the prior year and are not recognized in the current year. (182,819)

Differences in Recording Liabilities and Expenses:

There are differences in the way expenses are recorded in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Net Activity. These differences arise due to the different measurement focuses and the basis of accounting used in those respective statements.

The Governmental Funds use the modified accrual accounting method and the Government-Wide Financial Statements use the full accrual method of accounting and the economic resources measurement focus. The specific expense differences are described below.

Governmental Funds report capital outlays as expenditures. However, there is no corresponding expense for the purchase of those assets in the Government-Wide Statement of Activities because the costs of those assets are capitalized and shown as noncurrent assets on the Statement of Net Position. 1,186,791

The costs associated with those capital assets are allocated over their useful lives and are reported as depreciation expense in the Government-Wide Statement of Activities. (543,802)

Compensated Absences are not expected to use current financial resources and are therefore only reported in the Statement of Activities. This is the net change from prior year. (69,693)

Under the modified accrual method of accounting, Long-Term Debt is initially recorded as "other financing sources" rather than as a liability. Principal payments are recorded as current expenditures in the period when actual payments are made. However, the Government-Wide Statements are based on the full accrual method of accounting that initially records Long-Term Debt as a noncurrent liability and simply shows Principal Payments as a reduction of the long-term debt liability with no effect on assets. 11,349

Pension Plan unfunded liability and related deferred inflows and outflows of resources are not expected to use current financial resources and are therefore only reported in the Statement of Activities and are not shown as Governmental Fund expenditures. This is the net change in the liability and related deferred items during the current year. 317,853

Change in the assets of governmental activities \$ 1,483,160

See accompanying notes to the financial statements

FINANCIAL SECTION

STATEMENT OF NET POSITION FIDUCIARY FUNDS September 30, 2024

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,411,137
Accounts Receivables	194
TOTAL ASSETS	<u>\$ 2,411,330</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES	
Due to Other Governments	102,927
Due to Others	-
TOTAL LIABILITIES	<u>102,927</u>
 NET POSITION	
Restricted for Individuals and Other Governments	2,308,403
TOTAL NET POSITION	<u>2,308,403</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 2,411,330</u>

See accompanying notes to the financial statements

FINANCIAL SECTION

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS Year Ended September 30, 2024

	<u>Custodial Funds</u>
Additions	
Fines and fees	\$ 681,939
Payments received from others	171,836
Interest income	11,187
TOTAL ADDITIONS	<u>864,962</u>
Deductions	
Payments to Others	1,905,342
Payments due to other governments for their share of fines and fees	505,773
TOTAL DEDUCTIONS	<u>2,411,115</u>
Net Increase (Decrease) in Fiduciary Net Position	(1,546,152)
Net Position, Beginning of Year, as Previously Presented	<u>2,221,316</u>
Error Correction	1,736,166
Net Position, Beginning of Year, as Adjusted or Restated	3,957,482
Net Position, End of Year	<u>\$ 2,411,330</u>

FINANCIAL SECTION

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY:

Kinney County, Texas (County) is a political subdivision of the State of Texas and was organized in 1850. The County provides a full range of services authorized by statute. These services include, but are not limited to, recording and licensing, judicial proceedings, maintaining public facilities, law enforcement, public health and welfare, conservation, and maintaining roads and bridges.

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted primary standard setting body for establishing governmental accounting and financial reporting principles.

BASIS OF PRESENTATION:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *Government –Wide Financial Statements* are required by GASB Statement 34. The Statement of Net Position and Statement of Activities display information about the County. These statements include the financial activities of the overall government, except fiduciary activities. The County has no business-type activities. Fiduciary Funds are presented in the *Funds Financial Statements* and are not reported in the *Government-Wide Financial Statements*.

The County's *Government-Wide Financial Statements* are prepared using the economic resources measurement focus and the accrual basis of accounting. The purpose of the Statement of Net Position is to report all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources for the County. The County reports all of its assets when it acquires ownership over the asset and reports all of its liabilities when they are incurred.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include fees, fines, and other charges paid by the individuals or entities who purchase, use or directly benefit from services or privileges provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues.

FINANCIAL SECTION

Notes to the Financial Statements

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. The accounting system is organized and operated on a fund basis. The County's funds are grouped into two broad fund categories— *Governmental Funds* and Fiduciary Funds.

The County reports the following major governmental funds:

General Fund—The General Fund is the primary operating fund of the County and is the largest fund in the county budget. It is used to account for all financial resources of the County, except for those legally required to be accounted for in another fund. General fund revenues include property taxes, sales tax, fees and fines and interest income.

Road and Bridge Fund—The Road and Bridge Fund accounts for the collection and expenditure of those monies restricted to be spent for acquisition, construction, and maintenance of county roads and bridges. This constitutional fund is primarily financed with fees associated with vehicle registration. This fund is designated as a major fund by the County.

Detention Facility—The Detention Facility is used to administer monies used in the day to day operations of the local detention facility.

Operation Lone Star—Operation Lone Star is a State grant that provides funding to local law enforcement agencies to enhance their capabilities to support joint efforts to secure the United States' borders. Funds are to be used for additional law enforcement personnel, overtime pay, general purpose equipment, and travel and lodging for deployment of state and local personnel— among other applicable activities—to improve overall border security.

Additionally, the County reports the following fiduciary funds:

Fiduciary Funds—These funds account for the assets held by the County in a custodial capacity for individuals, private organizations and other governments and cannot be used to support the County's own programs. They include the Fee Office funds for moneys in the custody of the various fee offices of the County.

FINANCIAL SECTION

Notes to the Financial Statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

The *Governmental funds financial statements* provide detailed information about the County. The focus of the *Governmental funds financial statements* is directed to specific activities of the County rather than the County as a whole. GASB 34 also redefined the way in which the *Governmental funds financial statements* are presented.

Within the *Governmental Funds* are four fund types—general, special revenue, debt service and capital projects. An emphasis is placed on “major” funds within the governmental category. The County has elected to show the following as major funds—General Fund, Road and Bridge Fund, Detention Facility, Operation Lone Star and Grants Fund. All other funds are aggregated together as “Other Governmental (Non-Major) Funds”. Detailed statements are presented within the Combining and Individual Fund Statements.

Governmental Funds Financial Statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. Those statements are prepared on the modified accrual basis of accounting which has a current financial resources measurement focus. In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. Fund liabilities are generally limited to amounts that are to be paid within 60 days after the end of the fiscal year, long-term debt and other long-term liabilities are not included on the balance sheet.

Fiduciary Funds Financial Statement

The fiduciary funds include only funds that are used to account for assets that are held by the County in a purely custodial capacity. Assets reported in the Statement of Fiduciary Net Position meet both of these conditions:

- The assets are held by the County for other parties
- The assets cannot be used to finance the County’s own operating programs.

The County is responsible for ensuring that the assets, liabilities and net position reported by fiduciary funds are used solely for their intended purposes.

Fiduciary funds are presented in the *Funds Financial Statements* but are not reported in the *Government-Wide Financial Statements*. The financial statements of the County’s fiduciary funds are not included in the *Government-Wide Financial Statements* because resources of these funds cannot be used to finance the County’s activities. However, the financial statements of fiduciary funds are included in the County’s *Funds Financial Statements* because the County is financially accountable for those resources, even though they belong to the other parties.

FINANCIAL SECTION

Notes to the Financial Statements

Reconciliation of *Government-Wide* vs. *Governmental Funds Financial Statements*

The *Government-Wide Financial Statements* uses the economic resources measurement focus and the accrual basis of accounting. The *Governmental Funds Financial Statements* use the current financial resources measurement focus and the modified accrual basis of accounting. Because of these different measurement focuses and bases of accounting, reconciliation statements are provided for the differences between the *Government-Wide* Statement of Net Position and the *Governmental Funds* Balance Sheet, as well as the differences between the *Government-Wide* Statement of Activities and the *Governmental Funds* Statement of Revenues, Expenditures and Changes in Fund Balance.

Under the reporting model prescribed by GASB 34, Kinney County uses two different methods of accounting based on two different measurement focuses in the preparation of the financial statements. The accounting and financial reporting treatment that is applied to a fund is based on its measurement focus. All *Governmental Funds* are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, only current assets and current liabilities are generally included on the balance sheets of the *Governmental Funds Financial Statements*. Operating statements of these funds present the net effect of increases and decreases on fund equity.

Under the modified accrual basis of accounting, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at year end. Revenue is considered available if it is collected during the current fiscal year or generally within 60 days after the end of the fiscal year. Property taxes are recorded in governmental funds on the modified accrual basis. Permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting primarily of aid from State and Federal agencies, are recognized when eligible expenditures are incurred.

The County reports deferred inflows of resources on its *Governmental Funds* Balance Sheet. Deferred inflows arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received by the County before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflow is removed from the balance sheet and the revenue is recognized.

Expenditures and other uses of financial resources are recognized when the related liability is incurred except for principal and interest on long-term debt and post-employment benefits which are recorded when due.

Fiduciary Funds use the accrual basis of accounting.

It is the County’s policy to use restricted resources first to fund appropriations that are incurred for purposes for which both restricted and unrestricted net position are available.

FINANCIAL SECTION

Notes to the Financial Statements

Transitioning from the *Governmental Funds Financial Statements* to the *Government-Wide Financial Statements* requires the conversion from the modified accrual basis of accounting and current financial resources measurement focus to the full accrual basis of accounting and the related economic resources measurement focus. The *Government-Wide* Statement of Net Position and Statement of Activities both use the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these activities are included in the Statement of Net Position.

Unlike the *Governmental Funds Financial Statements*, long-term assets and long-term liabilities are included in the *Government-Wide Financial Statements*. Regardless, of the timing of related cash flows, revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants, shared revenues and contributions are recognized when all eligibility requirements have been met.

Taxes Receivable, Net of Allowance

In the *Governmental Funds Financial Statements*, the modified accrual basis of accounting is used to record tax revenue. Taxes receivable are reported at their gross value less the estimated portion that is expected to be uncollectible. The uncollectible portion is determined based on historical data. Taxes levied for the current and prior periods, but not yet collected, are recorded as deferred inflows.

In the *Government-Wide Financial Statements*, using the full accrual basis of accounting, the full amount of tax revenue ultimately expected to be collected is recognized as revenue in the period for which the tax is levied. Deferred delinquent taxes are a reconciling item between the *Governmental Funds Financial Statements* and the *Government-Wide Financial Statements*.

Accounts Receivable, Net of Allowance

Accounts receivable in the *Governmental Funds Financial Statements* include rent and other reimbursements for services performed that have a reasonable expectation of being converted to cash shortly after year end. Accounts receivable in the *Government-Wide Financial Statements* also include fines and costs assessed by court action in the District Courts, the County Courts at Law and the Justice Courts.

Due to the nature of the assessed fines and fees, collections tend to be problematic. An allowance for uncollectible accounts has been set up for the justice system-generated fines and fees based on a review of historical payment information.

Because these amounts do not meet the measurable and available criteria, these receivables are not recorded in the *Governmental Funds Financial Statements*. The receivables for fines and fees are a reconciling item between the *Governmental Funds Financial Statements* and the *Government-Wide Financial Statements*.

FINANCIAL SECTION

Notes to the Financial Statements

Leases

For the year ended September 30, 2024, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below:

Leases Payable

On October 11, 2018, Kinney County entered into a 60 month lease as the lessee for the use of Toshiba Copier– Library. An initial lease liability was recorded in the amount of \$9,900. As of September 30, 2024 the value of the lease liability is \$0. Kinney County is required to make monthly fixed payments of \$165. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$6,103.36 with accumulated amortization of \$5,776.64 is included with equipment on the lease class activities table.

On October 11, 2018, Kinney County entered into a 60 month lease as the lessee for the use of Toshiba Copier– Auditor. An initial lease liability was recorded in the amount of \$9,900. As of September 30, 2024 the value of the lease liability is \$0. Kinney County is required to make monthly fixed payments of \$165. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$6,103.36 with accumulated amortization of \$5,776.64 is included with equipment on the lease class activities table.

On October 11, 2018, Kinney County entered into a 60 month lease as the lessee for the use of Toshiba Copier– Agent. An initial lease liability was recorded in the amount of \$11,400. As of September 30, 2024 the value of the lease liability is \$0. Kinney County is required to make monthly fixed payments of \$190. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$6,968.41 with accumulated amortization of \$6,711.59 is included with equipment on the lease class activities table.

On November 13, 2018, Kinney County entered into a 60 month lease as the lessee for the use of Toshiba Copier– KCSO. An initial lease liability was recorded in the amount of \$11,400. As of September 30, 2024 the value of the lease liability is \$0. Kinney County is required to make monthly fixed payments of \$190. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$8,295.84 with accumulated amortization of \$5,384.16 is included with equipment on the lease class activities table.

FINANCIAL SECTION

Notes to the Financial Statements

On November 13, 2018, Kinney County entered into a 60 month lease as the lessee for the use of Toshiba Copier– Treasurer. An initial lease liability was recorded in the amount of \$6,180. As of September 30, 2024 the value of the lease liability is \$0. Kinney County is required to make monthly fixed payments of \$103. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$3,777.61 with accumulated amortization of \$3,638.39 is included with equipment on the lease class activities table.

On February 11, 2021, Kinney County entered into a 60 month lease as lessee for the use of Toshiba Copier– Attorney. An initial lease liability was recorded in the amount of \$9,738.60. As of September 30, 2024, the value of the lease liability is \$2,759.27. Kinney County is required to make monthly fixed payments of \$162.31. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$6,080.88 was accumulated amortization of \$5,605.44 is included with equipment on the lease class activities table.

On September 17, 2022, Kinney County entered into a 60 month lease as the lessee for the use of Toshiba Copier– KCSO. An initial lease liability was recorded in the amount of \$16,463.40. As of September 30, 2024 the value of the lease liability is \$9,603.65. Kinney County is required to make monthly fixed payments of \$274.39. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$12,031.81 with accumulated amortization of \$7,724.27 is included with equipment on the lease class activities table.

On September 19, 2022, Kinney County entered into a 60 month lease as the lessee for the use of Toshiba Copier– KCSO Annex. An initial lease liability was recorded in the amount of \$8,345.40. As of September 30, 2024 the value of the lease liability is \$5,424.51. Kinney County is required to make monthly fixed payments of \$139.09. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$5,241.38 with accumulated amortization of \$4,773.10 is included with equipment on the lease class activities table.

On July 17, 2023, Kinney County entered into a 60 month lease as the lessee for the use of Toshiba Copier– Tax Assessor Collector. An initial lease liability was recorded in the amount of \$12,757.20. As of September 30, 2024 the value of the lease liability is \$9,993.14. Kinney County is required to make monthly fixed payments of \$212.62. The lease has an interest rate of 0.075%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of \$8,656.25 with accumulated amortization of \$6,652.39 is included with equipment on the lease class activities table.

FINANCIAL SECTION

Notes to the Financial Statements

Leases, continued:

Amount of Lease Assets by Major Classes of Underlying Asset

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Equipment	\$ 96,085	\$ 52,043

Total Leases

Principal and Interest Requirements to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 8,031	\$ 1,760	\$ 9,791
2026	7,255	1,070	8,325
2027	6,747	491	7,239
2028	2,663	93	2,756
	<u>\$ 24,696</u>	<u>\$ 3,415</u>	<u>\$ 28,111</u>

FINANCIAL SECTION

Notes to the Financial Statements

Capital Assets

The County defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital acquisition and construction costs are reported as current year expenditures in *Governmental Funds*. However, the full costs of the capital assets and their related accumulated depreciation and current period depreciation expense are reported in the *Government-Wide Financial Statements*.

All capital assets, including infrastructure assets consisting of roads, bridges, and drainage systems acquired since 1991, are valued at historical cost. All capital assets purchased prior to 1991 are valued at historical cost or estimated historical cost if actual cost was not available. In accordance with GASB 34, all infrastructure costs, including those acquired before 1991, are now reported prospectively and retroactively, beginning in 2007.

Depreciation is recorded on capital assets using straight-line depreciation and the following estimated useful lives:

- | | |
|---------------------------------|-------------|
| • Buildings | 30 years |
| • Infrastructure | 20-30 years |
| • Furniture and Other Equipment | 5-20 years |

Donated capital assets are valued at their acquisition value on the date donated. The costs of normal maintenance and repairs that do not materially extend asset lives or add to the value of asset are not capitalized. Capital asset purchases, disposals and depreciation expense are reconciling items between the *Government-Wide Financial Statements* and the *Governmental Funds Financial Statements*.

Compensated Absences

Compensated absences consist of accumulated earned, but unpaid, vacation benefits and compensatory time. For financial reporting purposes, both of the following criteria must be met to be considered compensated absences:

- Leave or compensation is attributable to services already rendered and
- Leave or compensation is not contingent on a specific event (such as illness)

Because these accumulated costs are not expected to be paid from current financial resources, the current and noncurrent portions are only recorded in the *Government-Wide Financial Statements* and are reconciling items between the *Government-Wide Financial Statements* and the *Governmental Funds Financial Statements*.

FINANCIAL SECTION

Notes to the Financial Statements

Cash and Investments

The County pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. For financial reporting purposes, if a particular fund's cash balance is negative at year end, the cash balance is increased to zero with a corresponding increase in the amount due to other funds in the pool or that have cash available in demand deposit accounts in the same bank. The balance in the pooled cash accounts is available to meet current operating requirements.

The County invests cash, in excess of current requirements, from pooled County treasury demand deposit accounts for the purpose of increasing income through investment activities. The nature of the investments is governed by State statutes. Investments are stated at fair market value. Interest earnings are allocated based on cash and applicable investment amounts in individual funds in a manner consistent with budgetary and legal requirements.

Due from Other Funds/ Due to Other Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2024 are recorded as prepaid items.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

The County adopted and implemented GASB No. 87, *Leases*, during the year ended September 30, 2023. GASB Statement No. 87 establishes a single model for lease accounting. The focus of GASB 87 is on making the Government's Financial Statements more useful by improving the accounting and financial reporting for leases.

The County adopted and implemented GASB No. 100, *Accounting Changes and Error Corrections*, during the year ended September 30, 2024. GASB Statement No. 100 establishes guidance on the classification and reporting of accounting changes and error corrections, including changes in accounting principles, changes in accounting estimates, and corrections of errors. The statement also clarifies how these items should be reported in the financial statements, including the presentation of prior period adjustments, where applicable.

FINANCIAL SECTION

Notes to the Financial Statements

Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the TCDRS agent multiple-employer defined benefit pension plan. For this purpose, 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.

Equity Classifications

Government-Wide Financial Statements

Fund equity is classified as “Net Position” and is displayed in three components:

- *Net Investment in Capital Assets*, consists of capital assets, net accumulated depreciation and reduced by the outstanding balances of debt that is directly attributable to the acquisition, construction or improvements of those capital assets.
- *Restricted* consists of net assets that are restricted for specific use by legal restrictions or external regulations.
- *Unrestricted* consists of all other net position that does not meet the other two definitions.

Governmental Funds Financial Statements

In the fund financial statements, fund balances are classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

- *Nonspendable Fund Balance* includes amounts that cannot be spent because they are either not spendable form or are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* includes amounts constrained to specific purposes externally imposed by creditors, grantors or contributors, laws or regulations of other governments, through constitutional provisions or by enabling legislation.
- *Committed Fund Balance* includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commissioners Court.
- *Assigned Fund Balance* includes amounts that are constrained by the County’s intent to be used for specific purposes, but neither restricted nor committed.
- *Unassigned Fund Balance* includes amounts that are available for any purpose; these amounts can be reported only in the County’s General Fund.

FINANCIAL SECTION

Notes to the Financial Statements

Property Tax Revenue

Property taxes are recognized as revenue in compliance with GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which requires revenues to be recognized in the period when use of the resources is required or first permitted. For governmental funds, the availability criteria must also be met. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

Budget Policies

The Commissioners Court adopts an operating budget for each fiscal year based on individual line items. Each operating budget includes expenditures and the means of financing them. Annual operating budgets are legally adopted in the following *Governmental Funds*— General Fund, Special Revenue Funds: Road and Bridge Fund, Fund, and Detention Facility. All annual appropriations lapse at year end.

2. DEPOSITS AND INVESTMENTS

Deposits

All of the County's demand accounts are held in local banking institutions. At year end, the County's carrying amount of cash, including amounts maintained by custodial funds, was \$10,368,561 and the bank balance was \$12,187,889 all of which was covered by government securities or Federal Depository Insurance Corporation or by collateral held by the County's agent in the County's name.

Investments

The County has an investment agreement with Ameriprise. Ameriprise brokerage customers are covered by Security Investor Protection Corporation (SIPC) which protects the securities of its members up to \$500,000 (including \$100,000 for claims for cash).

The County also had an investment agreement with the State of Texas Local Government Investment Pool (TexPool) with \$4,042,663 invested at year end and \$1,261,808 invested in TexStar. These funds are reported as part of cash.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

FINANCIAL SECTION

Notes to the Financial Statements

Shown below are the County's investments within the fair value hierarchy.

The below is for the County's Governmental Funds only. As of September 30, 2024.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Investments by fair value level					
Public Funds Investment Pool	-	N/A	N/A	5,396,991	5,304,471
Total investments by fair value level	\$ -	\$ -	\$ -	\$ 5,396,991	\$ 5,304,471
Investments measured at amortized cost					
TexPool	4,042,663				
TexStar	1,261,808				
Total Investments carried at amortized costs	5,304,471				
Total Investments	<u>\$ 5,304,471</u>				

The information above is for the County's Governmental Funds only. Custodial funds are classified separately.

Non-negotiable certificates of deposit are investments for financial statement purposes but are excluded from the fair value hierarchy as they are measured at amortized cost.

FINANCIAL SECTION

Notes to the Financial Statements

3. PROPERTY TAXES

County property taxes are levied on October 1 for the subsequent calendar year and are payable by January 31. Property taxes are attached as an enforceable lien on property as of the prior January 1.

Taxes become delinquent on February 1, and penalties and interest may then be assessed by the County. The delinquent taxes receivable account represents the past ten years of personal property taxes and the past twenty years of real property taxes.

The allowance for estimated uncollectible taxes is based on historical data. The allocations between current and delinquent taxes is shown in the table below:

	<u>Gross Taxes Receivable</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Taxes Receivable</u>
Current (2024) Roll	\$ 157,839	\$ 257	\$ 158,097
Delinquent	<u>(6,344)</u>	<u>-</u>	<u>(6,344)</u>
Totals	<u>\$ 151,495</u>	<u>\$ 257</u>	<u>\$ 151,753</u>

The County is permitted by Article VIII, Section 9 of the Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services, including long-term debt principal and interest payments. The combined tax rate to finance general governmental services and payments on long-term debt was \$0.500800 per \$100 for the year ended September 30, 2024 (2023 tax roll).

This means that the County had an unused constitutional tax margin of \$0.2992 on the Constitutional Tax Rate. If the County had levied the maximum tax rate of \$0.80 per \$100 of assessed valuation, an additional \$2,757,343 in tax revenue could have been raised from the 2023 assessed taxable valuation of \$921,571,778.



FINANCIAL SECTION

Notes to the Financial Statements

4. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances among the *Governmental Funds* and the fiduciary funds have been eliminated in the *Governmental Funds* and *Fiduciary Funds Financial Statements*. The interfund receivable and payable balances at September 30, 2024 are shown below.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds		
General Fund	\$ 52,940	\$ 396,666
Road and Bridge Funds	7,723	5,681
Detention Facility	374,012	-
Grant Funds	-	50,399
Other Non-Major Funds	18,570	498
Total Governmental Funds	<u>\$ 453,245</u>	<u>\$ 453,245</u>
Fiduciary Funds	<u>92,007</u>	<u>92,007</u>
Grand Total	<u>\$ 537,529</u>	<u>\$ 537,529</u>

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total Transfers Out</u> 
	<u>General Fund</u>	<u>Road & Bridge Funds</u>	<u>Detention Facility</u>	<u>Other Funds</u>	
General Fund	\$ 551,837	\$ 10,000	\$ -	\$ 218,163	\$ 780,000
Detention Facility	-	-	(780,000)	-	(780,000)
Total Transfers In 	<u>\$ 551,837</u>	<u>\$ 10,000</u>	<u>\$ (780,000)</u>	<u>\$ 218,163</u>	<u>\$ -</u>

FINANCIAL SECTION

Notes to the Financial Statements

As provided in the original budget and amended by subsequent Commissioners Court Orders, the following funds were the recipients of transfers from other funds:

- *General Fund* had total transfers of \$780,000 from the Detention Facility.
- *Road and Bridge Funds* had total transfers of \$ 10,000 from the General Fund.
- *Other Funds* had total transfers of \$218,163 from the General Fund.

5. CAPITAL ASSETS

GASB 34 requires the County to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), etc. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for years ending in 2007. All infrastructure assets and their related accumulated depreciation and depreciation expense have been included in these financial statements.

FINANCIAL SECTION

Notes to the Financial Statements

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Non-Depreciable Assets:				
Land	\$ 126,796	\$ -	\$ -	\$ 126,796
Construction in Progress	438,039	374,742	(438,039)	374,742
Total Non-Depreciable Capital Assets	<u>564,835</u>	<u>374,742</u>	<u>(438,039)</u>	<u>501,537</u>
Other Capital Assets:				
Buildings / Improvements	4,754,973	788,021	(282,425)	5,260,569
Infrastructure	1,661,797	3	-	1,661,800
Equipment	6,465,004	1,253,491	(480,290)	7,238,205
Intangibles	119,195	-	(28,712)	90,483
Right to Use Assets	49,886	46,199	-	96,085
Total Other Capital Assets	<u>13,050,855</u>	<u>2,087,713</u>	<u>(791,428)</u>	<u>14,347,140</u>
Less Accumulated Depreciation for:				
Buildings / Improvements	1,622,799	176,878	(7,242)	1,792,435
Infrastructure	1,583,737	1,593	-	1,585,330
Equipment	4,558,412	775,114	(417,198)	4,916,328
Intangibles	64,720	7,729	(12,289)	60,160
Right to Use Assets	32,826	19,217	-	52,043
Total Accumulated Depreciation	<u>7,862,494</u>	<u>980,531</u>	<u>(436,729)</u>	<u>8,406,296</u>
Other Capital Assets, Net	<u>5,188,361</u>	<u>1,107,182</u>	<u>(354,699)</u>	<u>5,940,844</u>
Total Capital Assets, Net	<u>\$ 5,753,196</u>	<u>\$ 1,481,924</u>	<u>\$ (792,738)</u>	<u>\$ 6,442,381</u>

Depreciation Expense by Function

General Administration	15,413
Judicial	3,403
Election	1,549
Financial Administration	7,745
Public Safety	194,712
Public Facilities	156,512
Health & Welfare	100,363
Road & Bridge	60,502
Conservation	3,603
Total Depreciation Expense	<u>\$ 543,802</u>

FINANCIAL SECTION

Notes to the Financial Statements

6. DEFINED BENEFIT PENSION PLAN

Plan Description

Kinney County participates in an agent multiple-employer defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS), which is a statewide agent, multiple-employer, public employee retirement system.

Benefits Terms

All full-time and part-time non-temporary employees participate in the Plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The Plan provides retirement, disability and survivor benefits.

TCDRS is a savings-based plan. For the County's Plan, 7% of each employee's pay is required to be deducted from the employee's pay and deposited into his or her TCDRS account. By law, employee accounts earn 7% annual interest computed on beginning year balances. At retirement, the account is matched at an employer set percentage, which is currently 200%, and is then converted to an annuity. There are no automatic cost of living allowance (COLA) adjustments. Each year, the County may elect an ad hoc COLA for its retirees. There are two COLA types; each limited by actual inflation.

The benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act. Currently, members can retire at age sixty and above with seventy-five or more years of service; with twenty years of service regardless of age; or when the sum of their age and years of service equals eighty or more. A member is vested after ten years of service but must leave his or her accumulated contributions in the Plan to receive any County financed benefit. A member who withdraws his or her personal contributions in a lump sum is not entitled to any amounts contributed by the County.

The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

Contributions

The County contribution rate is calculated annually on an actuarial basis, although the County may elect to contribute at a higher rate. The contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The TCDRS Act allows Commissioners Court approved changes to both the employee and the County contribution rates. The contribution rate payable by the employee members, as adopted by the Commissioners Court, was 7.4% for 2024. The employer contribution rates for the prior five years is listed on the next page.

FINANCIAL SECTION

Notes to the Financial Statements

Retirement Contributions

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2019	161,545	161,545	-	2,429,289	6.60%
2020	182,380	182,380	-	2,682,088	6.80%
2021	181,563	181,563	-	2,734,401	6.60%
2022	268,568	268,568	-	3,112,030	8.60%
2023	277,258	277,258	-	3,767,121	7.40%

Membership Information

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

<u>Members</u>	<u>Dec. 31, 2023</u>
Number of inactive employees entitled to but not yet receiving benefits:	82
Number of active employees:	91
Average monthly salary:	\$ 3,554
Average age:	47.97
Average length of service in years:	9.08

<u>Inactive Members/Beneficiaries Receiving Benefits</u>	<u>Dec. 31, 2023</u>
Number of benefit recipients	37
Average monthly benefit	\$ 987

FINANCIAL SECTION

Notes to the Financial Statements

Net Pension Liability/(Asset)

The County's net pension liability/(asset) for the year ended September 30, 2024 was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the actuarial assumptions below, applied to all periods included in the measurement.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percent of pay)
Amortization Method	Level Percentage of payroll, closed
Remaining Amortization Period	16.2 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	7.5% (gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living adjustments for Kinney County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations of in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at the rates shown in the table on the following page. The average age at service retirement for recent retirees is 61.

FINANCIAL SECTION

Notes to the Financial Statements

Mortality

Depositing Member	135% of the RP-2014 Active Employee Mortality Table for males and 120% of the RP-2014 Active Employee Mortality Table for females, projected with 100% of the MP-2014 Ultimate scale after 2010.
Non-depositing Member	135% of the RP-2014 Healthy Annuitant Mortality Table for males and 120% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 100% of the MP-2014 Ultimate scale after 2010.
Disabled Retirees	160% of the RP-2014 Disabled Annuitant Mortality Table for males and 125% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 100% of the MP-2014 Ultimate scale after 2010.

Annual Rates of Service Retirement

Age	Active Service				Deferred	Age	Active Service				Deferred
	<15	15-24	25-29	30+	All Svc.		<15	15-24	25-29	30+	All Svc.
40-49	5.30%	6.30%	7.70%	8.80%	0.00%	62	13.50%	16.20%	19.80%	22.50%	18%
50	5.60%	6.80%	8.30%	9.40%	0.00%	63	11.30%	13.50%	16.50%	18.80%	15%
51	5.60%	6.80%	8.30%	9.40%	0.00%	64	11.30%	13.50%	16.50%	18.80%	15%
52	6.00%	7.20%	8.80%	10.00%	0.00%	65	22.50%	22.50%	27.50%	27.50%	25%
53	6.00%	7.20%	8.80%	10.00%	0.00%	66	22.50%	22.50%	27.50%	27.50%	25%
54	6.80%	8.10%	9.90%	11.30%	0.00%	67	21.60%	21.60%	26.40%	26.40%	24%
55	6.80%	8.10%	9.90%	11.30%	0.00%	68	18.90%	18.90%	23.10%	23.10%	21%
56	6.80%	8.10%	9.90%	11.30%	0.00%	69	18.90%	18.90%	23.10%	23.10%	21%
57	7.50%	9.00%	11.00%	12.50%	0.00%	70	20.70%	20.70%	25.30%	25.30%	23%
58	7.50%	9.00%	11.00%	12.50%	0.00%	71	20.70%	20.70%	25.30%	25.30%	23%
59	7.50%	9.00%	11.00%	12.50%	0.00%	72	20.70%	20.70%	25.30%	25.30%	23%
60	9.00%	10.80%	13.20%	15.00%	0.00%	73	20.70%	20.70%	25.30%	25.30%	23%
61	9.00%	10.80%	13.20%	15.00%	0.00%	74	20.70%	20.70%	25.30%	25.30%	23%

FINANCIAL SECTION

Notes to the Financial Statements

Long-Term Expected Rate of Return

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 2024 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2021. See Millman's TCDRS Investigation of Experience report for more details.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index (4) 67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	4.00%	6.90%
REIT Equities	Alerian MLP Index	2.00%	5.20%
Master Limited Partnerships (MLPs)	Cambridge Associates Real Estate Index (5)	2.00%	3.85%
Private Real Estate Partnerships	Hedge Fund Research, Inc. (HFRI) Fund of Funds	6.00%	5.70%
Hedge Funds	Composite Indes	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.05%
		<u>75.00%</u>	

(1) Target asset allocation adopted at the March 2024 TCDRS Board Meeting

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The rate was calculated using an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

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

FINANCIAL SECTION

Notes to the Financial Statements

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 of the employer is equal to the long-term assumed rate of return on investments.

Changes in Net Pension Liability/ (Asset)

	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a)-(b)
Balances as of December 31, 2022	\$ 10,503,221	\$ 10,793,500	\$ (290,279)
Changes for the year:			
Service Cost	415,704	-	415,704
Interest on total pension liability (1)	810,646	-	810,646
Effect of Plan Changes (2)	-	-	-
Effect of economic/demographic gains or losses	136,883	-	136,883
Effect of assumptions changes or inputs	-	-	-
Refunds of contributions	(102,398)	(102,398)	-
Benefit Payments	(412,078)	(412,078)	-
Administrative expenses	-	(6,268)	6,268
Member contributions	-	263,699	(263,699)
Net investments income	-	1,186,466	(1,186,466)
Employer contributions	-	277,258	(277,258)
Other (3)	-	4,224	(4,224)
Balances as of December 31, 2023	\$ 11,351,978	\$ 12,004,402	\$ (652,424)

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

(2) No plan changes valued

(3) Relates to allocation of system-wide items

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County, calculated using the discount rate of 7.60%, as well as what the Kinney County net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$ 12,819,695	\$ 11,351,978	\$ 10,121,301
Fiduciary Net Position	12,004,402	12,004,402	12,004,402
Net Pension Liability/ (asset)	\$ 815,293	\$ (652,424)	\$ (1,883,101)

FINANCIAL SECTION

Notes to the Financial Statements

Pension Expense / (Income)

	January 1, 2023 to December 31, 2023
Service Cost	\$ 415,704
Interest on total pension liability ⁽¹⁾	810,646
Effect of plan changes	-
Administrative expenses	6,268
Member contributions	(263,699)
Expected investments return, net of investments expenses	(821,218)
Recognition of deferred inflows / outflows of resources	
Recognition of economic / demographic gains or losses	5,813
Recognition of assumption changes or inputs	(6,734)
Recognition of investment gains or losses	(196,159)
Other ⁽²⁾	(4,224)
Pension expense / (income)	<u>\$ (53,602)</u>

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

(2) Relates to allocation of system-wide items

Deferred Inflows and Outflows of Resources

As of September 30, 2023, (as reported in the 2023 AFR) the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 38,326	\$ 122,496
Changes of assumptions	6,735	-
Net difference between projected and actual earnings	-	56,555
Contributions made subsequent to measurement date	N/A	Employer determined

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in the pension expense in the measurement year as noted on the next page. Contributions made subsequent to the measurement date will be recognized as an increase to the net pension asset reported in the 2023 Annual Financial Report (AFR).

FINANCIAL SECTION

Notes to the Financial Statements

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. These separate elements represent consumption or addition to net position that applies to a future reporting period(s) and as such will not be recognized as flows of resources (expenses/revenues) until then.

- Employer Contributions- Pensions- These contributions are those made after the measurement date through the fiscal year end (January 1st– December 31st) resulting in a cash outlay not yet recognized under GASB 68. This amount is a deferred outflow of resources.
- Investment difference- Pensions– These amounts represent the difference in projected and actual earnings on pension plan assets. These differences are deferred and amortized over a closed five year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.
- Experience difference– Pensions– These amounts represent the differences in expected and actual pension experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Assumption changes– Pensions– These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension liability. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	(73,105.00)
2025	10,602.00
2026	269,541.00
2027	(73,048.00)
2028	-
Thereafter	-

Payable to the Pension Plan

At September 30, 2023 the County reported an asset of \$290,279 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

FINANCIAL SECTION

Notes to the Financial Statements

7. POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing retirement benefits, the County allows its retired employees and their qualified dependents to participate in the County's health insurance program through age sixty-five. The retirees are obligated to pay the actuarially determined premiums set by the County's third party carrier.

At September 30, 2024, there were no retirees and three dependents were participating in the plan.

During the 2024 fiscal year, health insurance for the County was fully funded through a plan with the Texas Association of Counties. The County contributed \$786,944 for its employees' health insurance premiums in 2024.

8. RISK MANAGEMENT

The County is self-insured against risk arising from tort claims, losses of funds by theft and all other claims asserted by employees and / or third parties against the County arising out of the normal conduct of County business. The County has elected to insure with the Texas Association of Counties Property and Casualty Self-Insurance Fund for property coverage. The total ratable value is \$130,741. The Texas Association of Counties Workers' Compensation Self-Insurance Fund carries the County's Workers' Compensation Program.

The County's employee health insurance Plan is covered by the Texas Association of Counties' fully-funded health care program. Premiums are paid as follows:

- The County pays the full premium for the employee's health, dental and vision.
- The County does not pay any portion of the premium cost for any dependents.

9. COMMITMENTS AND CONTINGENCIES

Litigation

The County is a defendant in numerous claims and lawsuits arising in the normal course of operations. County management believes that these legal proceedings will not materially affect the County's financial position. Accordingly, no other loss contingency has been accrued in the *Government-Wide Financial Statements*.

Federal and State Assistance Programs

The County has received Federal and State financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of County management, such disallowances, if any, will not be significant to the financial position of the County.

FINANCIAL SECTION

Notes to the Financial Statements

10. ERROR CORRECTIONS (Governmental Funds)

During the current fiscal year, the County identified errors in the classification of certain balances in the prior year financial statements. The corrections were recorded as prior period adjustments to beginning fund balance in the affected governmental funds.

General Fund—Beginning fund balance was increased by \$124,909 to reclassify funds previously reported as fiduciary. The funds were determined to represent resources of the County rather than assets held in trust for other parties.

Operation LoneStar Fund— Beginning fund balance was decreased by \$55,289 to properly reflect the fund as a reimbursable grant. As a reimbursable grant, amounts recorded represent either receivables due from the granting agency or payables due to the granting agency, and therefore should not have been reported as fund balance.

Grant Funds (Non-major Special Revenue Funds)- Beginning fund balance was decreased by \$347,424 to properly account for reimbursable grant activity. These amounts represent funds either due to the County or due to the granting agencies and do not constitute available fund balance.

Other Non-Major Funds— Beginning fund balance was increased by \$556,502.29 to reclassify funds previously reported as fiduciary to Special Revenue Funds. The funds were determined to represent revenues of the County and not resources held in trust for another individual or entity.

The cumulative effect of these adjustments resulted in a net increase of \$278,698.29 to total governmental fund beginning fund balance.

11. ERROR CORRECTIONS (Government-Wide Financial Statements)

During the fiscal year ended September 30, 2024, the County identified certain errors in previously issued financial statements that required restatement of beginning net position for governmental activities.

The adjustments are summarized as follows:

Reclassification of Fiduciary Funds— Certain funds previously reported as fiduciary were determined to represent resources of the County and not assets held in trust. As a result, beginning net position of governmental activities were adjusted to reflect these resources.

Correction of Reimbursable Grant Activity— Certain special revenue funds were determined to be reimbursable grants. Amounts previously reported as fund balance represented receivables due from granting agencies or payables due to granting agencies and were adjusted accordingly.

FINANCIAL SECTION

Notes to the Financial Statements

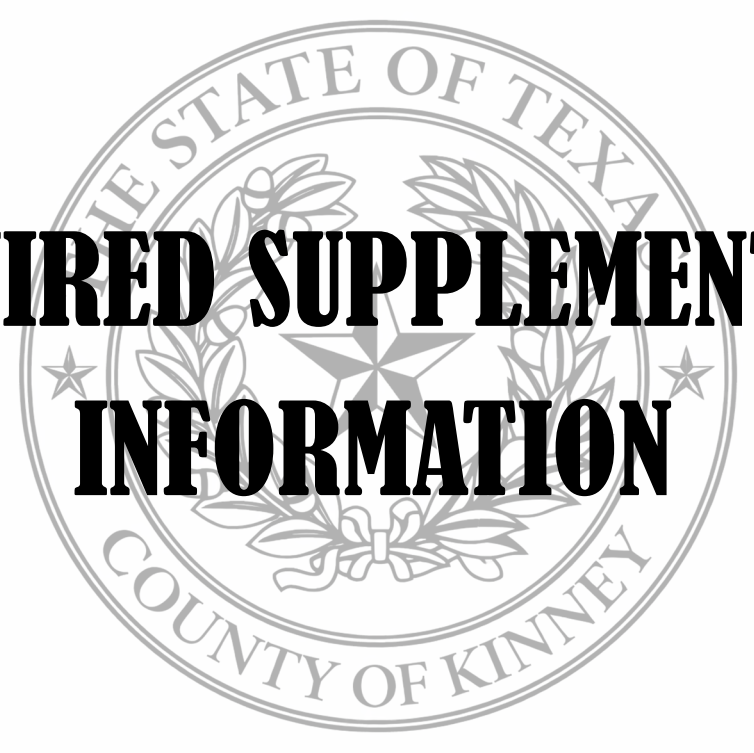
Implementation and Correction of Right-to-Use Lease Assets (GASB 87)

- Beginning net position was increased \$46,199 to recognize right-to-use lease asset that were not properly recorded in prior periods.
- Beginning net position decreased by \$15,763 to correct the related long-term lease liability associated with right-to-use lease assets.

The net effect of the lease-related adjustments resulted in a net increase of \$30,436 to beginning net position.

The cumulative effect of all prior period adjustments resulted in a net increase of \$309,134 to beginning net position of governmental activities.

**REQUIRED SUPPLEMENTARY
INFORMATION**



FINANCIAL SECTION

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE GENERAL FUND Year Ended September 30, 2024

	General Fund				
	Budgeted Amounts		Variance Final Budget- Over (Under)	Actual	Variance Final Budget- Over (Under)
	Original	Final	Original Budget	Amounts	Actual Amounts
REVENUES					
Ad Valorem Taxes	\$ 4,333,210	\$ 4,333,210	\$ -	\$ 4,500,881	\$ (167,671)
Sales Tax	400,000	400,000	-	840,153	(440,153)
Fines and Forfeitures	176,000	176,000	-	1,597,904	(1,421,904)
State and Federal Contracts	75,966	75,966	-	156,602	(80,636)
Fees of Office	85,000	85,000	-	80,115	4,885
Fees and Commissions	-	-	-	4,639	(4,639)
Other Income					
Interest	10,000	10,000	-	208,422	(198,422)
Rent	5,100	5,100	-	5,381	(281)
Refunds and Reimbursements	15,000	15,000	-	34,524	(19,524)
Other Services	197,500	197,500	-	308,669	(111,169)
Donations	500	500	-	719	(219)
Miscellaneous	17,000	17,000	-	15,032	1,968
TOTAL REVENUES	5,315,276	5,315,276	-	7,753,040	(2,437,763)
EXPENDITURES					
General Administrative	1,979,888	1,979,888	-	2,003,888	(24,000)
Judicial	548,390	550,390	2,000	605,610	(55,219)
Financial Administration	459,115	459,115	-	419,750	39,364
Public Facilities	1,179,713	1,179,713	-	1,262,573	(82,860)
Public Safety	2,015,514	2,015,514	-	1,990,073	25,440
Health and Welfare	1,196,162	1,196,162	-	1,113,015	83,146
Conservation	121,730	121,730	-	113,997	7,733
Principal Payments	-	-	-	11,349	(11,349)
Interest Payments and Other Charges	-	-	-	2,658	(2,658)
TOTAL EXPENDITURES	7,500,512	7,502,512	2,000	7,522,913	(20,401)
EXCESS REVENUES (EXPENDITURES)	(2,185,236)	(2,187,236)	(2,000)	230,127	(2,458,164)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	700,000	700,000	-	780,000	(80,000)
Operating Transfers Out	(543,769)	(543,769)	-	(228,163)	(315,607)
TOTAL OTHER FINANCING SOURCES (USES)	156,231	156,231	-	551,837	(395,607)
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (2,029,005)	\$ (2,031,005)	\$ (2,000)	\$ 781,964	\$ (2,853,771)
FUND BALANCE, BEGINNING OF YEAR				3,414,126	
Error Correction				124,909	
FUND BALANCE, END OF YEAR				\$ 4,321,000	

FINANCIAL SECTION

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (continued) Year Ended September 30, 2024

	General Fund				
	Budgeted Amounts		Variance	Actual	Variance
	Original	Final	Final Budget- Over (Under) Original Budget	Amounts	Final Budget- Over (Under) Actual Amounts
AD VALOREM TAXES	\$ 4,333,210	\$ 4,333,210	\$ -	\$ 4,500,881	\$ (167,671)
SALES TAX COMMISSIONS	400,000	400,000	-	840,153	(440,153)
FINES AND FORFEITURES					
Justice of Peace	125,000	125,000	-	99,784	25,216
County Court Fines	50,000	50,000	-	153,840	(103,840)
District Court Fines	1,000	1,000	-	-	1,000
Bond Forfeitures	-	-	-	1,344,280	(1,344,280)
	176,000	176,000	-	1,597,904	(1,421,904)
STATE AND FEDERAL CONTRACTS AND PROGRAMS					
County Attorney Salary Supplemental Pay	25,666	25,666	-	-	25,666
County Judge Salary Supplemental Pay	25,200	25,200	-	25,200	-
Secretary of State Chapter 19	100	100	-	294	(194)
Indigent Defense Grant	-	-	-	16,170	(16,170)
KSCO School Resource Grant	-	-	-	64,569	(64,569)
Tobacco Lawsuit Corpus Annual Distribution	25,000	25,000	-	35,316	(10,316)
DEA O/T Reimbursement	-	-	-	1,373	(1,373)
Solid Waste Grant	-	-	-	375	(375)
Opioid Abatement	-	-	-	131	(131)
Juror Reimbursement	-	-	-	3,696	(3,696)
Unclaimed Capital Credit Funds	-	-	-	2,178	(2,178)
FEMA	-	-	-	843	(843)
County Share of State Costs and Arrest Fees	45,000	45,000	-	3,095	41,905
Primary Election	-	-	-	3,362	(3,362)
	120,966	120,966	-	156,602	(35,636)
FEES OF OFFICE					
County Clerk	20,000	20,000	-	33,992	(13,992)
District Clerk	5,000	5,000	-	7	4,993
Tax Assessor Collector	10,000	10,000	-	11,918	(1,918)
Sheriff	1,000	1,000	-	2,239	(1,239)
Justice of the Peace	-	-	-	31,259	(31,259)
Constable	-	-	-	75	(75)
County Attorney	500	500	-	625	(125)
	36,500	36,500	-	80,115	(43,615)
OTHER FEES					
Tax on Mixed Drinks	2,500	2,500	-	4,416	(1,916)
TA-C Alcohol License	1,000	1,000	-	223	777
	3,500	3,500	-	4,639	(1,139)

FINANCIAL SECTION

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (continued) Year Ended September 30, 2024

	General Fund				
	Budgeted Amounts		Variance	Actual	Variance
	Original	Final	Final Budget- Over (Under) Original Budget		Final Budget- Over (Under) Actual Amounts
OTHER REVENUES					
Interest	10,000	10,000	-	208,422	(198,422)
Rent	5,100	5,100	-	5,381	(281)
	<u>15,100</u>	<u>15,100</u>	<u>-</u>	<u>213,802</u>	<u>(198,702)</u>
Refunds and Reimbursements					
Insurance Proceeds	-	-	-	(15,634)	15,634
Indigent Healthcare Reimbursements	-	-	-	20	(20)
School Resource Officer	-	-	-	28,043	(28,043)
Election Reimbursements	-	-	-	10,000	(10,000)
Siren System Reimbursement	-	-	-	4,586	(4,586)
Tax Abatement	-	-	-	58,800	(58,800)
Other Refunds and Reimbursements	15,000	15,000	-	(51,291)	66,291
	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>34,524</u>	<u>(19,524)</u>
Other Services					
Ambulance Receipts	150,000	150,000	-	219,897	(69,897)
Civic Center Receipts	7,500	7,500	-	27,947	(20,447)
Admin Fee Septic Tank Inspection	1,000	1,000	-	1,725	(725)
Certificate of Compliance	1,500	1,500	-	950	550
KC Detention Center Deputy	45,000	45,000	-	58,150	(13,150)
	<u>205,000</u>	<u>205,000</u>	<u>-</u>	<u>308,669</u>	<u>(103,669)</u>
Donations					
Library	500	500	-	719	(219)
	<u>500</u>	<u>500</u>	<u>-</u>	<u>719</u>	<u>(219)</u>
Miscellaneous					
Library Revenue - Copies	4,000	4,000	-	5,477	(1,477)
Leased Parking	500	500	-	457	43
Other Revenue	5,000	5,000	-	9,098	(4,098)
	<u>9,500</u>	<u>9,500</u>	<u>-</u>	<u>15,032</u>	<u>(5,532)</u>
Total Other Revenues	<u>245,100</u>	<u>245,100</u>	<u>-</u>	<u>572,746</u>	<u>(327,646)</u>
TOTAL REVENUES	<u>\$ 5,315,276</u>	<u>\$ 5,315,276</u>	<u>\$ -</u>	<u>\$ 7,753,040</u>	<u>\$ (2,437,763)</u>

FINANCIAL SECTION

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (continued) Year Ended September 30, 2024

	General Fund				
	Budgeted Amounts		Variance	Actual	Variance
	Original	Final	Final Budget- Over (Under)	Amounts	Final Budget- Over (Under)
			Original Budget		Actual Amounts
GENERAL ADMINISTRATION					
County Judge	\$ 248,926	\$ 248,926	\$ -	\$ 202,045	\$ 46,881
County/District Clerk	216,351	216,351	-	193,433	22,919
Emergency Management	5,800	5,800	-	-	5,800
Historical Commission	6,600	6,600	-	2,060	4,540
Countywide	1,355,326	1,355,148	(178)	1,466,734	(111,587)
Commissioners' Court	146,886	146,886	-	139,617	7,269
TOTAL GENERAL ADMINISTRATION	1,979,888	1,979,710	(178)	2,003,888	(24,178)
JUDICIAL					
County Attorney	203,162	203,162	-	199,070	4,092
Justice of the Peace	202,288	204,288	2,000	198,965	5,324
District Court	142,940	142,940	-	207,575	(64,635)
TOTAL JUDICIAL	548,390	550,390	2,000	605,610	(55,219)
FINANCIAL ADMINISTRATION					
County Auditor	134,291	134,291	-	114,233	20,058
County Treasurer	147,819	147,819	-	139,141	8,678
Tax Assessor Collector	177,005	177,005	-	166,376	10,628
TOTAL FINANCIAL ADMINISTRATION	459,115	459,115	-	419,750	39,364
PUBLIC FACILITIES					
Parks	38,106	38,106	-	20,679	17,426
Building Maintenance	1,094,108	1,094,108	-	1,192,985	(98,877)
Civic Center	47,500	47,500	-	48,909	(1,409)
TOTAL PUBLIC FACILITIES	1,179,713	1,179,713	-	1,262,573	(82,860)

FINANCIAL SECTION

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (continued) Year Ended September 30, 2024

	General Fund				
	Budgeted Amounts		Variance	Actual	Variance
			Final Budget-		Final Budget-
	Original	Final	Over (Under)	Amounts	Over (Under)
		Original Budget		Actual Amounts	
PUBLIC SAFETY					
Constable	73,336	73,336	-	66,016	7,320
Sheriff	1,811,378	1,811,378	-	1,821,447	(10,069)
Fire	130,800	130,800	-	102,610	28,190
TOTAL PUBLIC SAFETY	2,015,514	2,015,514	-	1,990,073	25,440
HEALTH AND WELFARE					
Emergency Services	964,813	964,813	-	890,869	73,944
Library	231,349	231,349	-	222,146	9,202
TOTAL HEALTH AND WELFARE	1,196,162	1,196,162	-	1,113,015	83,146
CONSERVATION					
County Agricultural Extension Service	121,730	121,730	-	113,997	7,733
TOTAL CONSERVATION	121,730	121,730	-	113,997	7,733
TOTAL EXPENDITURES	\$ 7,500,512	\$ 7,502,334	\$ 1,822	7,508,906	\$ (6,573)

FINANCIAL SECTION

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE ROAD AND BRIDGE Year Ended September 30, 2024

	Road and Bridge				
	Budgeted Amounts		Variance Final Budget- Over (Under)	Actual	Variance Final Budget- Over (Under)
	Original	Final	Original Budget	Amounts	Actual Amounts
REVENUES					
Ad Valorem Taxes	\$ 315,463	\$ 315,463	\$ -	\$ 330,081	\$ (14,618)
State and Federal Contracts	5,000	5,000	-	10,569	(5,569)
Fees and Commissions	5,000	5,000	-	5,287	(287)
Other Income					
Interest	3,750	3,750	-	8,325	(4,575)
TOTAL REVENUES	329,213	329,213	-	354,262	(25,049)
EXPENDITURES					
Road and Bridge	371,689	371,689	-	264,971	106,717
TOTAL EXPENDITURES	371,689	371,689	-	264,971	106,717
EXCESS REVENUES (EXPENDITURES)	(42,476)	(42,476)	-	89,290	81,669
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	10,000	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	10,000	(10,000)
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (42,476)	\$ (42,476)	\$ -	\$ 99,290	\$ 71,669
FUND BALANCE, BEGINNING OF YEAR				177,538	
FUND BALANCE, END OF YEAR				\$ 276,828	

FINANCIAL SECTION

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE DETENTION FACILITY Year Ended September 30, 2024

	Detention Facility				
	Budgeted Amounts		Variance Final Budget- Over (Under)	Actual	Variance Final Budget- Over (Under)
	Original	Final	Original Budget	Amounts	Actual Amounts
REVENUES					
Fees and Commissions	\$ 9,612,500	\$ 9,612,500	\$ -	\$ 16,116,752	\$ (6,504,252)
Other Income					
Interest	-	-	-	36,744	(36,744)
Refunds and Reimbursements	-	-	-	3,628	(3,628)
TOTAL REVENUES	<u>9,612,500</u>	<u>9,612,500</u>	<u>-</u>	<u>16,157,124</u>	<u>(6,544,624)</u>
EXPENDITURES					
Public Safety	9,142,500	9,142,500	-	15,846,726	(6,704,226)
TOTAL EXPENDITURES	<u>9,142,500</u>	<u>9,142,500</u>	<u>-</u>	<u>15,846,726</u>	<u>(6,704,226)</u>
EXCESS REVENUES (EXPENDITURES)	<u>470,000</u>	<u>470,000</u>	<u>-</u>	<u>310,398</u>	<u>(13,248,850)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(470,000)	(470,000)	-	(780,000)	310,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(470,000)</u>	<u>(470,000)</u>	<u>-</u>	<u>(780,000)</u>	<u>310,000</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (469,602)</u>	<u>\$ (12,938,850)</u>
FUND BALANCE, BEGINNING OF YEAR				<u>1,357,538</u>	
FUND BALANCE, END OF YEAR				<u>\$ 887,936</u>	

FINANCIAL SECTION

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE OPERATION LONE STAR

	Operation Lone Star				
	Budgeted Amounts		Variance	Actual	Variance
	Original	Final	Final Budget- Over (Under)		Final Budget- Over (Under)
	Original	Final	Original Budget	Actual	Actual Amounts
REVENUES					
State and Federal Contracts	\$ -	\$ -	\$ -	\$ 3,240,605	\$ (3,240,605)
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,240,605</u>	<u>(3,240,605)</u>
EXPENDITURES					
Public Safety	-	-	-	3,240,605	(3,240,605)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,240,605</u>	<u>(3,240,605)</u>
EXCESS REVENUES (EXPENDITURES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,481,210)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ (6,481,210)</u>
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED				<u>55,289</u>	
Change within financial reporting entity				(55,289)	
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED				-	
FUND BALANCE, END OF YEAR				<u>\$ -</u>	

FINANCIAL SECTION

Required Supplementary Information

Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios
For the Employees of Kinney County

	Measurement Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 415,704	\$ 378,092	\$ 348,898	\$ 308,735	\$ 313,778	\$ 317,249	\$ 299,322	\$ 302,229	\$ 287,554	\$ 313,069
Interest on total pension liability	810,646	754,493	716,302	668,602	627,579	595,726	561,618	529,112	495,671	451,004
Effect of plan changes	-	-	-	-	-	-	47,511	-	(42,716)	-
Effect of assumption changes or inputs	-	-	(26,937)	504,899	-	-	49,290	-	78,575	-
Effect of economic / demographic (gains) or losses	136,883	39,668	(153,301)	60,292	(15,554)	(125,986)	(154,495)	(217,168)	(147,672)	(34,863)
Benefit payments / refunds of contributions	(514,475)	(429,115)	(394,778)	(428,139)	(400,999)	(379,944)	(419,459)	(310,700)	(188,031)	(177,849)
Net change in total pension liability	848,758	743,138	490,184	1,114,389	524,804	407,044	383,786	303,473	483,381	551,361
Total pension liability, beginning	10,503,221	9,760,083	9,269,899	8,155,510	7,630,706	7,223,662	6,839,875	6,536,403	6,053,021	5,501,660
Total pension liability, ending (a)	\$ 11,351,978	\$ 10,503,221	\$ 9,760,083	\$ 9,269,899	\$ 8,155,510	\$ 7,630,706	\$ 7,223,662	\$ 6,839,875	\$ 6,536,403	\$ 6,053,021
Fiduciary Net Position										
Employer contributions	\$ 277,258	\$ 268,568	\$ 181,563	\$ 182,380	\$ 161,545	\$ 177,494	\$ 178,675	\$ 166,690	\$ 166,307	\$ 160,005
Member contributions	263,699	217,842	191,408	187,746	170,050	167,900	164,352	156,203	153,784	147,956
Investment income net of investment expenses	1,186,466	(673,054)	2,055,330	883,271	1,217,124	(141,856)	976,681	459,120	(87,435)	381,006
Benefit payments / refunds of contributions	(514,476)	(429,115)	(394,778)	(428,139)	(400,999)	(379,944)	(419,459)	(310,700)	(188,031)	(177,849)
Administrative expenses	(6,268)	(6,325)	(6,166)	(6,855)	(6,516)	(5,953)	(5,050)	(5,003)	(4,472)	(4,584)
Other	4,224	17,592	1,962	(869)	(1,185)	(267)	(1,072)	24,462	(30,419)	3,771
Net change in fiduciary net position	1,210,902	(604,492)	2,029,320	817,534	1,140,020	(182,627)	894,126	490,771	9,734	510,305
Fiduciary net position, beginning	10,793,500	11,397,992	9,368,672	8,551,138	7,411,118	7,593,743	6,699,617	6,208,846	6,199,112	5,688,807
Fiduciary net position, ending (b)	\$ 12,004,402	\$ 10,793,500	\$ 11,397,992	\$ 9,368,672	\$ 8,551,138	\$ 7,411,118	\$ 7,593,743	\$ 6,699,617	\$ 6,208,846	\$ 6,199,112
Net pension liability / (asset), ending = (a) - (b)	\$ (652,424)	\$ (290,279)	\$ (1,637,909)	\$ (98,773)	\$ (395,628)	\$ 219,588	\$ (370,082)	\$ 140,258	\$ 327,557	\$ (146,091)
Fiduciary net position as a % of total pension liability	105.75%	102.76%	116.78%	101.07%	104.85%	97.12%	105.12%	97.95%	94.99%	102.41%
Covered payroll	\$ 3,767,121	\$ 3,112,030	\$ 2,734,401	\$ 2,682,088	\$ 2,429,289	\$ 2,398,569	\$ 2,347,882	\$ 2,231,472	\$ 2,196,916	\$ 2,113,659
Net pension liability as a % of covered payroll	-17.32%	-9.33%	-59.90%	-3.68%	-16.29%	9.15%	-15.76%	6.29%	14.91%	-6.91%

Note: During the 2023 measurement year, the investment rate of return was 7.5%

The information in this schedule has been determined as of the measurement date of December 31 of the year prior to the current fiscal year of the County's net position liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods of which such information is available are presented.

FINANCIAL SECTION

Required Supplementary Information

Schedule of Employer Contributions for the Retirement Plan For the Employees of Kinney County

Actuarial Valuation Date December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2013	145,055	145,055	-	1,883,835	7.7%
2014	160,005	160,005	-	2,113,659	7.6%
2015	166,307	166,307	-	2,196,916	7.6%
2016	166,690	166,690	-	2,231,475	7.5%
2017	178,675	178,675	-	2,347,882	7.6%
2018	177,494	177,494	-	2,398,569	7.4%
2019	161,545	161,545	-	2,429,289	6.6%
2020	182,380	182,380	-	2,682,088	6.8%
2021	181,563	181,563	-	2,734,401	6.6%
2022	268,568	268,568	-	3,112,030	8.6%
2023	277,258	277,258	-	3,767,121	7.4%

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

SPECIAL REVENUE FUNDS



FINANCIAL SECTION

Special Revenue Funds

SPECIAL REVENUE FUND DESCRIPTIONS

Special Revenue Funds are used to account for resources that are legally restricted to expenditures for specific current operating purposes, or to the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets. The Special Revenue Funds include the Grant Funds and numerous Non-Major Funds. The various Special Revenue Funds used are more fully described below.

Grant Funds

Southwest Texas Regional Advisory Council (STRAC) EMS Grant

The EMS Trauma Grants are used to provide funding to trauma service regional advisory councils (RACs) for improving emergency management services in trauma areas. This assists in the enhancement and delivery of patient care in the EMS and Trauma Service Care System.

Local Border Security Program (LBSP) Grant

The Public Safety Office of the Office of the Governor administers grants for projects that support Operation Border Star. Operation Border Star centers on the use of intelligence to increase the effectiveness of federal, state and local law enforcement assets. The purpose of the program is to sustain interagency law enforcement operations and enhance local law enforcement patrols to facilitate directed actions to deter and interdict criminal activity.

Border Star JAG Grant

The Edward Byrne Memorial Justice Assistance Grant (JAG) Criminal Justice Grant Program allows states and local governments to support a broad range of activities to prevent and control drug trafficking, drug related crime, and violent crime. Based on their own local needs and conditions, agencies are provided with the flexibility to prioritize and place justice funds where they are needed most.

Linebacker Grant

The Linebacker Grant is a border security initiative coordinated by the Texas Border Sheriff's Coalition and administered through the Governor's Criminal Justice Division. These funds were used for personnel, equipment, and planning to assist with border enforcement efforts.

TXCDBG Water Line Improvement Grant

The Texas Community Development Block Grant Program (TXCDBG) is available on a biennial basis through a competition in each of the 24 state planning regions. The program is to develop viable communities by providing decent housing and suitable living environments, and to expand economic opportunities principally for persons of low-to-moderate-income. Funds were used for water line improvement.

FINANCIAL SECTION

Special Revenue Funds

El Paso Street Grant

The Texas Community Development Block Grant Program (TXCDBG) is available on a biennial basis through a competition in each of the 24 state planning regions. The program is to develop viable communities by providing decent housing and suitable living environments, and to expand economic opportunities principally for persons of low-to-moderate-income. Funds were used for street reconstruction along West El Paso street in the City of Brackettville.

Lower Colorado River Authority (LCRA) Grant

LCRA awards community grants twice a year to organizations throughout its service territory. The projects must benefit or be available to an entire community and improve the value of a capital asset through building, renovating or purchasing equipment. Kinney County used these funds to purchase two UTVs.

Coronavirus State and Local Fiscal Recovery Funds (ARPA):

This fund was established in 2021 and is part of the Coronavirus pandemic relief money disbursed by the Federal Government. Kinney County received roughly \$712,272 dollars to be allocated for an approved expense by December 31, 2024 and spent by December 31, 2026. Approved expenses are related to Covid-19 prevention, pay for essential workers, water or broad band expenses or government services. Kinney County used these funds to improve the Civic Center.

SW Border Rural Law Enforcement Grant

In 2019, the Bureau of Justice Assistance (BJA) established a pilot initiative to provide microgrants to small, rural, and tribal law enforcement agencies located in Arizona, California, New Mexico and Texas. This program was an innovative initiative designed to provide resources, while minimizing the administrative burdens typically associated with federal grants to support efforts in addressing precipitous increases of all types of crime unique to specific regions, including human trafficking, sexual assaults, extortion, gang activity, murder, drug trafficking, and other forms of violent crime.

Local Emergency Planning Committee (LEPC)/Texas Commission on Environmental Quality (TCEQ)

The Texas LEPC grant program is an opportunity for LEPCs to receive grant funds to help implement the requirements of the Emergency Planning and Community Right-to-Know Act (EPCRA). This grant will allow LEPCs to establish, maintain, and/or improve their implementation of EPCR.

TXCDBG Colonial Planning

The Texas Community Development Block Grant Program (TXCDBG) is available on a biennial basis through a competition in each of the 24 state planning regions. The program is to develop viable communities by providing decent housing and suitable living environments, and to expand economic opportunities principally for persons of low-to-moderate-income. Funds were used to for waterline construction.

FINANCIAL SECTION

Special Revenue Funds

Rural Law Enforcement Grants (SB-22) Attorney

Texas Senate Bill 22 enacted in 2023 established a grant program that provides financial assistance to sheriff's departments, constable's offices and district and county attorney's offices in eligible counties to ensure professional law enforcement and legal representation of the people's interests through the state. Through this program, eligible offices received annual grants based on the last census population. The funds may be used to increase the salary of an assistant attorney, an investigator or a victim assistance coordinator employed at the office or hire additional staff for the office.

Rural Law Enforcement Grants (SB-22) Sheriff

Texas Senate Bill 22 enacted in 2023 established a grant program that provides financial assistance to sheriff's departments, constable's offices and district and county attorney's offices in eligible counties to ensure professional law enforcement and legal representation of the people's interests through the state. Through this program, eligible offices received annual grants based on the last census population. The funds must be used to provide a minimum salary of \$75,000 for a county sheriff; \$45,000 for each deputy who makes motor vehicle stops in the routine performance of their duties; \$40,000 for each jailer; increase the salary of those listed above; hire additional deputies or staff for the sheriff's office; and purchase vehicles, firearms and safety equipment for the sheriff's office.

Texas Parks and Wildlife Department (TWPD) Splashpad Project

The Texas Parks and Wildlife Commission approved more than \$12.5 million in grants to help create and enhance outdoor recreational opportunities. The competitive grants are allocated to local government entities on a 50/50 reimbursement match basis, and once funded, the sites must remain parkland in perpetuity, properly maintained and open to the public. Kinney County was awarded \$100,000 in a matching grant and the County installed a splashpad for the community to enjoy.

Library Methodist Grant

The Library Methodist Grant program supports projects that enhance library services and promote literacy within communities. The projects must focus on community engagement and literacy improvement. The funds can be used for programs, materials, or technology that benefit library users.

Operation Stone Garden (OPSG)

Operation Stone Garden is a grant program administered through the Homeland Security Grant Program (HSGP). OPSG supports enhanced cooperation and coordination among Customs and Border Protection's (CBP) United States Border Patrol (USBP) and federal, SLTT law enforcement agencies to improve overall border security. OPSG funds joint efforts to secure the United States' borders along routes of ingress/egress to and from international borders, to include travel corridors in states bordering Mexico and Canada, as well as states and territories with international water borders.

FINANCIAL SECTION

Special Revenue Funds

Non-Major Funds

Records Management Preservation Fund

This fund was established to account for fees assessed by the County Clerk under authority of Local Government Code Section 118.011 and Local Government Code Section 118.0216 for civil cases and Code of Criminal Procedure from criminal cases and fees. Money collected is used to provide funds for specific records preservation and automation projects. Cash received and disbursed is under the direction of the County Clerk in compliance with established guidelines and approved by the Commissioners Court.

Law Library Fund

This fund was created pursuant to Local Government Code Section 323.023 for the establishment and maintenance of the Kinney County Law Library. Funds can be used to establish the law library, purchasing or leasing library materials, maintaining the library, acquiring library furniture, shelving, equipment, or computers, software or subscriptions to electronic research networks for judicial research, or establishing and maintaining a self-help center to provide resources to pro se county residents. Revenues are derived from Law Library fees assessed against most civil cases filed in the County Courts at Law and District Courts.

Hot Check Fund

This fund was established by Code of Criminal Procedure Section 102.007. It accounts for the activities of the check collection program established by State statutes with exclusive management powers conferred upon the County Attorney. Revenues from fees collected for services can be used for training of personnel (including salaries), equipment, supplies and modernization programs of the County Attorney.

Community Development

This fund was established under Texas Government Code Section 487.451(c) to support donations and improvements to the county's recreational land, including upgrades to the swimming pool area, construction of a pavilion, and repairs to the basketball court, volleyball courts, and baseball field. The funds may be used for water and sewer upgrades, street reconstruction, flood mitigation, sidewalk improvements, park and recreational enhancements, fire protection facilities and equipment, housing rehabilitation, and comprehensive planning services.

Courthouse Security Fund

This fund is used to account for the revenues and expenditures associated with security fees collected under the provisions of Code of Criminal Procedure Article 102.017. Security fees are assessed in felony and misdemeanor convictions, and in civil cases. Collections of the security fees are made by the County Clerk, the District Clerk and the Justices of the Peace. Expenditures may be used to pay for security personnel, services and items related to a building housing a court, including: x-ray machine; hand held metal detectors; identification cards and systems; electronic locking and surveillance equipment; video teleconferencing systems; signage, continuing education on security issues for court and security personnel. This fund is under the direction of the Commissioners Court.

FINANCIAL SECTION

Special Revenue Funds

Continuing Education Constable

This fund was established in 1996 by Occupation Code Section 17.01.157 to account for annual allocations from the Law Enforcement Officer Standards and Education account through the State Comptroller of Public Accounts. Disbursements are made by the State to qualified agencies for expenses related to continuing education of persons licensed under Government Code Chapter 415.

Justice Court Technology Fund

This fund was established in accordance with the provisions of Code of Criminal Procedure Article 102.0173, to account for fees of \$4 collected by the Justices of the Peace on all convictions of offenses committed on or after September 1, 2001. Funds collected under this statute will be used to improve the technological resources available to the Justice Courts. This is to finance the cost of providing court personnel, including salaries and benefits for the court personnel; pay for the cost of continuing education for justice court judges and court personnel; and purchase and maintenance of technological enhancements for a justice court, including: computer systems, networks, hardware, and software; imaging systems; electronic kiosks and ticket writers; and docket management systems. The Attorney General (GA-0560) interprets that this fund may be used only for technological enhancements for the justice court and continuing education and training for justice court judges and clerks regarding technological enhancements.

Sheriff Continuing Education

This fund was established in 1996 by Occupation Code Section 1701.157 to account for annual allocations from the Law Enforcement Officer Standards and Education account through the State Comptroller of Public Accounts. Disbursements are made by the State to qualified agencies for expenses related to continuing education of persons licensed under Government Code Chapter 415. The purpose is to pay for continuing education of licensed peace officer or training for full-time fully paid law enforcement support personnel.

Kinney County Historical Commission Contributions

This fund is used for donations made to the Kinney County Historical Commission to offset costs by the commission. The role of the historical commission is to preserve, promote and educate about the county's history. This includes markers, archives, publications, tours and education projects.

Record Archive Fee

This fund was established by Local Government Code 118.011 and 118.025 to account for fees paid for recording and filing services, set by the Commissioners' Court not to exceed \$10. These funds may be expended only for the preservation and restoration services performed by the county clerk in connection with maintaining a county clerk's records archive on public documents designated by the county clerk as part of the records archive. These funds may not be used to purchase, lease, or develop computer software to geographically index public records. This fee is set by the Commissioners' Court as part of the budget process.

FINANCIAL SECTION

Special Revenue Funds

Indigent Health Care Fund

The County Indigent Health Care Fund is a state-mandated program that helps counties pay for health care services for indigent residents. People with very low income that do not qualify for Medicaid or other state/federal health coverage may qualify to receive assistance through this program. This program covers medically necessary services such as physician services, annual physicals, screenings, vaccines, lab work, x-rays, inpatient and outpatient hospital care, some prescription drugs and skilled nursing facility care. The county is required to spend a minimum of 8% of the local tax revenue before requesting state reimbursement for qualified expenses.

Elderly Nutrition Fund

This fund provides nutrition services to local senior citizens by providing meals and nutrition support to the older adults in the community. This service is funded with general fund money and grants. The County receives the Texas Department of Agriculture's "Texans Feeding Texans:: Home Delivered Meals" grant to help cover the cost of food and delivery for the program.

Continuing Education Judge

This fund was established in 1996 by Occupation Code Section 1701.157 to account for annual allocations from the Law Enforcement Officer Standards and Education account through the State Comptroller of Public Accounts. Disbursements are made by the State to qualified agencies for expenses related to continuing education of persons licensed under Government Code Chapter 415.

Vital Statistics Preservation

This fund was established by the Health and Safety Code 191.0045, which allows counties to collect a small preservation fee up to \$1 when someone obtains a vital record. The county clerk can spend these funds on approved preservation and records management activities with authorization from the Commissioners' Court.

Family Protection Fund

This fund was established by Government Code Section 51.961 to account for the \$30 Family Protection fee required on all filings for dissolution of marriage. The fees are retained by the Commissioners Court to be used only for family violence and child abuse prevention, intervention, family strengthening, mental health, counseling, legal and marriage preservation services.

Unclaimed Funds

This fund was established to hold money that belongs to individuals or entities that has not been claimed yet. This can include things like uncashed checks, deposits, refunds, or other small amounts of money that the county owes to someone but hasn't been distributed because the rightful owner hasn't requested it.

FINANCIAL SECTION

Special Revenue Funds

Election Fund

The Election Administrative Special Revenue Account is a designated fund used to receive and manage revenues earmarked for election administration purposes—these include state-allocated funds, federal grants, and reimbursements related to election operations. Expenditures from this account support essential activities such as voter registration systems, election worker staffing, polling place operations, election materials and supplies, postage for voter registration and ballots, and other statutory duties required to conduct fair and timely elections.

Sheriff Forfeiture Fund

This fund is established by the Code of Criminal Procedure Chapter 59. This fund is controlled by the Sheriff and can only be used for law enforcement purposes. A budget for these expenses must be submitted annually to the Commissioners' Court for the expenditure of the funds. Forfeiture funds are derived from the sale of contraband seized by law enforcement authorities used in the commission of a crime. These funds may not be used to offset or reduce the amount budgeted for the department; pay expenses for travel or education of any member of the judiciary; contribute to a political campaign; make donations to any entity, pay expenses for travel or education seminars that would violate applicable restrictions established by Commissioners' Court or purchase alcoholic beverages. Sheriff's that do not seek re-election or loses their bid for re-election must get Commissioners' Court approval for any expenditure of forfeiture funds.

Pre-Trial Diversion

This fund is established by the Code of Criminal Procedure 102.0121. This fund exists to collect fees and deposits from defendants participating in a pre-trial diversion or pretrial intervention program. These programs provide an alternative to regular prosecution. This is a reimbursement fee not to exceed \$500 paid by a defendant and is used to reimburse a county for expenses related to a defendant's participation in the program.

Civil Court Fees

This fund was established under Local Government Code 135.101, the mandatory fees collected by the county from civil cases. The cost of civil cases varies based on the type and seriousness of the case.

District Court Civil

This fund collects civil court fees assessed by the District Clerk on civil filings under the Local Government Code Section 135 and OCA schedules. This fund is supported by court costs, filing fees, and specialized assessments on civil lawsuits.

FINANCIAL SECTION

Special Revenue Funds

County and District Clerk Technology Fund

This fund was established under authority of Code of Criminal Procedure Section 102.0169. Funds are generated from fees collected by the County and District Clerks. The purpose of this fund is to pay for the cost of continuing education and training for county court, statutory county court or district court judges and clerks regarding technological enhancements; purchase and maintenance or technological enhancements including; computer systems, networks, hardware, and software. Cash received and disbursed is under the direction of the Commissioners Court and may only be spent for technological enhancements for the County and District Court.

Fire Rescue Donations

This fund was established to account for donations received from the public or other entities given to the Kinney County Fire Rescue Department. These funds are formally accepted by the Commissioners' Court under Local Government Code 81.032. These funds can be used for equipment, supplies or other eligible purposes.

Healthy County

This fund is used to track money related to the employee wellness program offered to county employees through the Texas Association of Counties Health and Employee Benefits Pool. This statewide program provides wellness resources to help county employees improve health and reduce long-term health care costs. Counties that participate can earn wellness incentives.

Investment Fund

This fund was established by chapter 2256 of the Government code. It is a safeguard to cover any situation in which the general fund falls into a negative balance. Its purpose is to offset and replace any deficit that may occur in the general fund.

JP In Court

This fund is a dedicated court-related fund used to hold court costs and fees collected by the Justice of the Peace court.

KCSO Donations

This fund was established to track donations made by individuals or organizations to support the Sheriff's office or its programs. These funds are formally accepted by the Commissioners' Court under Local Government Code 81.032. These funds are used for specific purposes such as equipment, office support or program use.

FINANCIAL SECTION

Special Revenue Funds

EMS Donations

This fund was established to track donations made by individuals or organizations to support the county's Emergency Medical Services. These funds are formally accepted by the Commissioners' Court under Local Government Code 81.032. These funds are used for equipment, supplies or support for EMS.

BISD Election Workers

This fund was established to track money related to paying election workers for Brackett Independent School District elections. When a special election or school board election is conducted for BISD, the county typically administers the election and the costs to run the election are tracked through this fund.

County Constable

This fund was established for the County Constable to track the money received from serving civil legal processes such as eviction, subpoenas, and warrants . This fund is dormant and no longer used now that the fees are recorded in the General Fund.

Donations KC Border Security

This fund was established to track donations made by individuals or organizations designated for border security support efforts. These funds are formally accepted by the Commissioners' Court under Local Government Code 81.032. These funds are used for equipment or supplies to support the sheriff's office or other first responders in border-related operations.

Bond Commission

This fund was established pursuant to Government Code 41.005, which authorizes a district or county attorney to retain a commission on money obtained from bond forfeiture proceedings under the criminal law. The attorney retains 10% on the first \$1000 collected and 5% of the amount collected above \$1000. The Commissioners Court generally determines how these funds are spent during the annual budget process. (Attorney General GA-0997).

Auction Surplus

This is fund was established pursuant to Transportation Code 683.015. These funds are controlled by law enforcement or the attorney for the state subject to approval by the Commissioners' Court. A law enforcement agency, which includes a sheriff or constable, is entitled to reimbursement from the proceeds of the sale of an abandoned motor vehicle, aircraft, watercraft, or outboard motor for: the cost of the auction; towing, preservation, and storage fees resulting from the taking into custody; the cost of notice or publication; and any compensation made by the agency to property owners whose property was damaged as a result of a pursuit involving the motor vehicle. Revenues are from the sale of an abandoned motor vehicle, aircraft, watercraft, or outboard motor at a public auction conducted by a law enforcement agency pursuant to Transportation Code, Chapter 683.

FINANCIAL SECTION

COMBINING BALANCE SHEET GRANT FUNDS September 30, 2024

	Grant Funds				
	STRAC EMS Grant	LBSP Fund	Border Star JAG	Linebacker Grant	TXCDBG Water Line Improvement
ASSETS					
Cash	\$ 150	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Taxes Receivable:					
Current (2024) Roll	-	-	-	-	-
Delinquent	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	905	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
TOTAL ASSETS	1,055	-	-	-	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	1,055	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Others	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	1,055	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected in Advance	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCE					
Restricted:					
Nonspendable / Prepaid Assets	-	-	-	-	-
Restricted	-	-	-	-	-
Total Restricted	-	-	-	-	-
Unrestricted:					
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Unrestricted	-	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,055	\$ -	\$ -	\$ -	\$ -

NOTE: The above funds are maintained for internal accounting purposes only.

FINANCIAL SECTION

COMBINING BALANCE SHEET GRANT FUNDS (continued) September 30, 2024

	Grant Funds					TXCDBG Colonia Planning
	El Paso Street Grant	LCRA Grant	American Rescue Plan Act	SW Border Rural LE	LEPC/ TCEQ	
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 3,511	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
Taxes Receivable:						
Current (2024) Roll	-	-	-	-	-	-
Delinquent	-	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-	-
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,511</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	-	-	-	-	94	-
Due to Other Funds	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	3,418	-
Due to Others	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,511</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes Collected in Advance	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Restricted:						
Nonspendable / Prepaid Assets	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted:						
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,511</u>	<u>\$ -</u>

NOTE: The above funds are maintained for internal accounting purposes only.

FINANCIAL SECTION

COMBINING BALANCE SHEET GRANT FUNDS (concluded) September 30, 2024

	Grant Funds					
	SB-22 Attorney	SB-22 Sheriff	TPWD Splashpad Project	Library Methodist Grant	Operation Stone Garden	Total Grant Funds
ASSETS						
Cash	\$ 170,893	\$ 340,763	\$ (100,000)	\$ 12,356	\$ 9,438	\$ 437,111
Investments	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
Taxes Receivable:						
Current (2024) Roll	-	-	-	-	-	-
Delinquent	-	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Due from Other Governments	-	-	100,000	-	44,281	145,187
Accrued Interest Receivable	-	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-	-
TOTAL ASSETS	<u>170,893</u>	<u>340,763</u>	<u>-</u>	<u>12,356</u>	<u>53,719</u>	<u>582,298</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	-	-	-	-	3,319	4,468
Due to Other Funds	-	-	-	-	50,399	50,399
Due to Other Governments	170,893	340,763	-	-	-	515,074
Due to Others	-	-	-	12,356	-	12,356
Unearned Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	<u>170,893</u>	<u>340,763</u>	<u>-</u>	<u>12,356</u>	<u>53,719</u>	<u>582,298</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes Collected in Advance	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Restricted:						
Nonspendable / Prepaid Assets	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted:						
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 170,893</u>	<u>\$ 340,763</u>	<u>\$ -</u>	<u>\$ 12,356</u>	<u>\$ 53,719</u>	<u>\$ 582,298</u>

NOTE: The above funds are maintained for internal accounting purposes only.

FINANCIAL SECTION

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS September 30, 2024

	Non-Major Governmental Funds				
	Records Management & Preservation	Law Library	Hot Check	Community Development	Courthouse Security
ASSETS					
Cash	\$ 31,951	\$ 9,392	\$ 500	\$ 10,279	\$ 28,071
Investments	-	-	-	83,259	-
Accounts Receivable	170	-	-	-	-
Taxes Receivable:					
Current (2024) Roll	-	-	-	-	-
Delinquent	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
TOTAL ASSETS	32,121	9,392	500	93,538	28,071
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	-	-	-	-	-
Payroll Payable	-	-	-	-	-
Due to Other Funds	-	-	498	-	-
Due to Other Governments	-	-	-	-	-
Due to Others	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	498	-	-
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected in Advance	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCE					
Restricted:					
Nonspendable / Prepaid Assets	-	-	-	-	-
Restricted	32,121	9,392	2	93,538	28,071
Total Restricted	32,121	9,392	2	93,538	28,071
Unrestricted:					
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Unrestricted	-	-	-	-	-
TOTAL FUND BALANCE	32,121	9,392	2	93,538	28,071
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 32,121	\$ 9,392	\$ 500	\$ 93,538	\$ 28,071

FINANCIAL SECTION

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (continued) September 30, 2024

	Non-Major Governmental Funds				
	Continuing Education Constable	Justice Court Technology	Sheriff Continuing Education	Kinney County Historical Commission Contributions	Record Archive Fee
ASSETS					
Cash	\$ 1,328	\$ 41,826	\$ 10,529	\$ 4,137	\$ 42,817
Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Taxes Receivable:					
Current (2024) Roll	-	-	-	-	-
Delinquent	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
TOTAL ASSETS	<u>1,328</u>	<u>41,826</u>	<u>10,529</u>	<u>4,137</u>	<u>42,817</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	-	2,910	-	-	-
Payroll Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Others	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>2,910</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected in Advance	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted:					
Nonspendable / Prepaid Assets	-	-	-	-	-
Restricted	1,328	38,916	10,529	4,137	42,817
Total Restricted	<u>1,328</u>	<u>38,916</u>	<u>10,529</u>	<u>4,137</u>	<u>42,817</u>
Unrestricted:					
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>1,328</u>	<u>38,916</u>	<u>10,529</u>	<u>4,137</u>	<u>42,817</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,328</u>	<u>\$ 41,826</u>	<u>\$ 10,529</u>	<u>\$ 4,137</u>	<u>\$ 42,817</u>

FINANCIAL SECTION

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (continued) September 30, 2024

	Non-Major Governmental Funds				
	Indigent Health Care	Elderly Nutrition	Continuing Education Judge	Vital Statistics Preservation	Family Protection Fee
ASSETS					
Cash	\$ 9,035	\$ 1,469	\$ 430	\$ 627	\$ 300
Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Taxes Receivable:					
Current (2024) Roll	-	-	-	-	-
Delinquent	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-
Due from Other Funds	-	18,570	-	-	-
Due from Other Governments	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
TOTAL ASSETS	<u>9,035</u>	<u>20,039</u>	<u>430</u>	<u>627</u>	<u>300</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	4,607	17,644	-	-	-
Payroll Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Others	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>4,607</u>	<u>17,644</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected in Advance	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted:					
Nonspendable / Prepaid Assets	-	-	-	-	-
Restricted	4,428	2,394	430	627	300
Total Restricted	<u>4,428</u>	<u>2,394</u>	<u>430</u>	<u>627</u>	<u>300</u>
Unrestricted:					
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>4,428</u>	<u>2,394</u>	<u>430</u>	<u>627</u>	<u>300</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 9,035</u>	<u>\$ 20,039</u>	<u>\$ 430</u>	<u>\$ 627</u>	<u>\$ 300</u>

FINANCIAL SECTION

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (continued) September 30, 2024

	Non-Major Governmental Funds				
	Unclaimed Funds	Election	Sheriff Forfeiture	Pre-Trial Diversion	Civil Court Fees
ASSETS					
Cash	\$ 6,213	\$ 4,201	\$ 28,253	\$ 65,113	\$ 4,730
Investments	-	-	-	-	-
Accounts Receivable	-	1,764	-	-	-
Taxes Receivable:					
Current (2024) Roll	-	-	-	-	-
Delinquent	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
TOTAL ASSETS	<u>6,213</u>	<u>5,966</u>	<u>28,253</u>	<u>65,113</u>	<u>4,730</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	-	-	-	-	-
Payroll Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Others	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected in Advance	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted:					
Nonspendable / Prepaid Assets	-	-	-	-	-
Restricted	6,213	5,966	28,253	65,113	4,730
Total Restricted	<u>6,213</u>	<u>5,966</u>	<u>28,253</u>	<u>65,113</u>	<u>4,730</u>
Unrestricted:					
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>6,213</u>	<u>5,966</u>	<u>28,253</u>	<u>65,113</u>	<u>4,730</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 6,213</u>	<u>\$ 5,966</u>	<u>\$ 28,253</u>	<u>\$ 65,113</u>	<u>\$ 4,730</u>

FINANCIAL SECTION

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (continued) September 30, 2024

	Non-Major Governmental Funds				
	District	County	Fire	Healthy	Investment
	Court Civil	and District Court Technology	Rescue Donations	County	Fund
ASSETS					
Cash	\$ 75	\$ 6,433	\$ 23,812	\$ (18)	\$ 350,000
Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Taxes Receivable:					
Current (2024) Roll	-	-	-	-	-
Delinquent	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
TOTAL ASSETS	75	6,433	23,812	(18)	350,000
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	-	-	-	-	-
Payroll Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Others	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected in Advance	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCE					
Restricted:					
Nonspendable / Prepaid Assets	-	-	-	-	-
Restricted	75	6,433	23,812	(18)	350,000
Total Restricted	75	6,433	23,812	(18)	350,000
Unrestricted:					
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Unrestricted	-	-	-	-	-
TOTAL FUND BALANCE	75	6,433	23,812	(18)	350,000
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 75	\$ 6,433	\$ 23,812	\$ (18)	\$ 350,000

FINANCIAL SECTION

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (continued) September 30, 2024

	Non-Major Governmental Funds				
	JP In Court	KCSO Donations	EMS Donations	BISD Student Election Workers	County Constable
ASSETS					
Cash	\$ 32	\$ 4,235	\$ 1,901	\$ 7,513	\$ 750
Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Taxes Receivable:					
Current (2024) Roll	-	-	-	-	-
Delinquent	-	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
TOTAL ASSETS	32	4,235	1,901	7,513	750
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	-	-	-	-	-
Payroll Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Others	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected in Advance	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCE					
Restricted:					
Nonspendable / Prepaid Assets	-	-	-	-	-
Restricted	32	4,235	1,901	7,513	750
Total Restricted	32	4,235	1,901	7,513	750
Unrestricted:					
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Unrestricted	-	-	-	-	-
TOTAL FUND BALANCE	32	4,235	1,901	7,513	750
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 32	\$ 4,235	\$ 1,901	\$ 7,513	\$ 750

FINANCIAL SECTION

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (concluded) September 30, 2024

	Non-Major Governmental Funds			
	Donations KC Border Security	Bond Commission	Auction Surplus	Total Non-Major Funds
ASSETS				
Cash	\$ 5,374	\$ 117,303	\$ 758,198	\$ 1,576,809
Investments	-	-	-	83,259
Accounts Receivable	-	-	-	1,934
Taxes Receivable:				
Current (2024) Roll	-	-	-	-
Delinquent	-	-	-	-
Less Allowance for Uncollectible Taxes	-	-	-	-
Due from Other Funds	-	-	-	18,570
Due from Other Governments	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-
TOTAL ASSETS	<u>5,374</u>	<u>117,303</u>	<u>758,198</u>	<u>1,680,572</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	-	-	-	25,162
Payroll Payable	-	-	-	-
Due to Other Funds	-	-	-	498
Due to Other Governments	-	-	-	-
Due to Others	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,660</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes Collected in Advance	-	-	-	-
Deferred Revenue	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Restricted:				
Nonspendable / Prepaid Assets	-	-	-	-
Restricted	5,374	117,303	758,198	1,654,912
Total Restricted	<u>5,374</u>	<u>117,303</u>	<u>758,198</u>	<u>1,654,912</u>
Unrestricted:				
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>5,374</u>	<u>117,303</u>	<u>758,198</u>	<u>1,654,912</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 5,374</u>	<u>\$ 117,303</u>	<u>\$ 758,198</u>	<u>\$ 1,680,572</u>

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GRANT FUNDS Year Ended September 30, 2024

	Grant Funds				
	STRAC EMS Grant	LBSP Fund	Justice Border Star JAG	Linebacker Grant	TXCDBG Water Line Improvement
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Commissions	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
State and Federal Contracts	20,777	-	-	-	189,206
Fees of Office	-	-	-	-	-
Fees and Commissions	-	-	-	-	-
Other Income					
Interest	-	-	-	-	-
Rent	-	-	-	-	-
Sales	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Royalties and Commissions	-	-	-	-	-
Other Services	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	20,777	-	-	-	189,206
EXPENDITURES:					
General Administration	-	-	-	-	-
Judicial	-	-	-	-	-
Elections	-	-	-	-	-
Financial Administration	-	-	-	-	-
Public Facilities	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	20,777	-	-	-	189,206
Road and Bridge	-	-	-	-	-
TOTAL EXPENDITURES	20,777	-	-	-	189,206
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease Purchase Agreement	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	-	7,554	(67,527)	15	-
Error Correction	-	(7,554)	67,527	(15)	-
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	-	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

NOTE: The above funds are maintained for internal accounting purposes only.

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GRANT FUNDS (continued) Year Ended September 30, 2024

	Grant Funds					
	El Paso Street Grant	LCRA Grant	American Rescue Plan Act	SW Border Rural LE	LEPC/ TCEQ	TXCDBG Colonia Planning
REVENUES						
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Commissions	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
State and Federal Contracts	31,355	20,000	300,275	16,126	37,246	145,008
Fees of Office	-	-	-	-	-	-
Fees and Commissions	-	-	-	-	-	-
Other Income						
Interest	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-	-
Royalties and Commissions	-	-	-	-	-	-
Other Services	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
TOTAL REVENUES	31,355	20,000	300,275	16,126	37,246	145,008
EXPENDITURES:						
General Administration	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Elections	-	-	-	-	-	-
Financial Administration	-	-	-	-	-	-
Public Facilities	-	-	300,275	-	-	-
Public Safety	-	-	-	16,126	37,246	-
Health and Welfare	-	20,000	-	-	-	145,008
Road and Bridge	31,355	-	-	-	-	-
TOTAL EXPENDITURES	31,355	20,000	300,275	16,126	37,246	145,008
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Lease Purchase Agreement	-	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	-	-	-	-	-	-
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	-	-	300,275	16,126	40,664	-
Error Correction	-	-	(300,275)	(16,126)	(40,664)	-
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NOTE: The above funds are maintained for internal accounting purposes only.

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GRANT FUNDS (concluded) Year Ended September 30, 2024

	Grant Funds					Total Grant Funds
	SB-22 Attorney	SB-22 Sheriff	TPWD Splashpad Project	Library Methodist Grant	Operation Stone Garden	
REVENUES						
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Commissions	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
State and Federal Contracts	29,137	309,052	100,000	-	570,879	1,769,062
Fees of Office	-	-	-	-	-	-
Fees and Commissions	-	-	-	-	-	-
Other Income						
Interest	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-	-
Royalties and Commissions	-	-	-	-	-	-
Other Services	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Miscellaneous	-	-	-	33,914	-	33,914
TOTAL REVENUES	29,137	309,052	100,000	33,914	570,879	1,802,976
EXPENDITURES:						
General Administration	-	-	-	-	-	-
Judicial	29,137	-	-	-	-	29,137
Elections	-	-	-	-	-	-
Financial Administration	-	-	-	-	-	-
Public Facilities	-	-	100,000	-	-	400,275
Public Safety	-	309,052	-	-	570,879	933,303
Health and Welfare	-	-	-	33,914	-	408,905
Road and Bridge	-	-	-	-	-	31,355
TOTAL EXPENDITURES	29,137	309,052	100,000	33,914	570,879	1,802,976
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Lease Purchase Agreement	-	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	-	-	-	-	-	-
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	-	-	-	-	50,317	347,424
Error Correction	-	-	-	-	(50,317)	(347,424)
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS Year Ended September 30, 2024

	Non-Major Governmental Funds				
	Records Management & Preservation	Law Library	Hot Check	Community Development	Courthouse Security
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Commissions	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
State and Federal Contracts	-	-	-	-	-
Fees of Office	10,755	245	-	-	2,076
Fees and Commissions	-	-	-	-	-
Other Income					
Interest	-	-	-	4,166	1,170
Rent	-	-	-	-	-
Sales	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Royalties and Commissions	-	-	-	-	-
Other Services	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Gain and (Loss) on Investments	-	-	-	-	-
TOTAL REVENUES	10,755	245	-	4,166	3,246
EXPENDITURES:					
General Administration	8,122	-	-	-	-
Judicial	-	-	-	-	-
Elections	-	-	-	-	-
Financial Administration	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Road and Bridge	-	-	-	-	-
TOTAL EXPENDITURES	8,122	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,633	245	-	4,166	3,246
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease Purchase Agreement	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-
Transfers In	3,163	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,163	-	-	-	-
CHANGE IN FUND BALANCE	5,796	245	-	4,166	3,246
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	26,325	9,147	2	89,372	24,846
Error Correction	-	-	-	-	(21)
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	26,325	9,147	2	89,372	24,825
FUND BALANCE, END OF YEAR	\$ 32,121	\$ 9,392	\$ 2	\$ 93,538	\$ 28,071

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS (continued) Year Ended September 30, 2024

	Non-Major Governmental Funds				
	Continuing Education Constable	Justice Court Technology	Sheriff Continuing Education	Kinney County Historical Commission Contributions	Record Archive Fee
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Auto License Fees	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
State and Federal Contracts	-	-	-	-	-
Fees of Office	-	718	4,017	-	7,420
Fees and Commissions	-	-	-	-	-
Other Income					
Interest	-	2,178	-	-	-
Rent	-	-	-	-	-
Sales	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Royalties and Commissions	-	-	-	-	-
Other Services	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Gain and (Loss) on Investments	-	-	-	-	-
TOTAL REVENUES	-	2,896	4,017	-	7,420
EXPENDITURES:					
General Administration	-	-	-	-	1,447
Judicial	-	12,415	-	-	-
Elections	-	-	-	-	-
Financial Administration	-	-	-	-	-
Public Safety	-	-	816	-	-
Health and Welfare	-	-	-	-	-
Road and Bridge	-	-	-	-	-
TOTAL EXPENDITURES	-	12,415	816	-	1,447
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(9,519)	3,201	-	5,973
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease Purchase Agreement	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	-	(9,519)	3,201	-	5,973
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	1,328	48,439	7,328	4,137	36,844
Error Correction	-	(4)	-	-	-
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	1,328	48,435	7,328	4,137	36,844
FUND BALANCE, END OF YEAR	\$ 1,328	\$ 38,916	\$ 10,529	\$ 4,137	\$ 42,817

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS (continued) Year Ended September 30, 2024

	Non-Major Governmental Funds				
	Indigent Health Care	Elderly Nutrition	Continuing Education Judge	Vital Statistics Preservation	Family Protection Fee
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Auto License Fees	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
State and Federal Contracts	-	64,316	-	-	-
Fees of Office	-	-	-	61	-
Fees and Commissions	-	15,193	-	-	-
Other Income					
Interest	78	-	-	-	-
Rent	-	-	-	-	-
Sales	-	-	-	-	-
Refunds and Reimbursements	1,148	-	-	-	-
Royalties and Commissions	-	-	-	-	-
Other Services	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Gain and (Loss) on Investments	-	-	-	-	-
TOTAL REVENUES	1,226	79,509	-	61	-
EXPENDITURES:					
General Administration	-	-	-	-	-
Judicial	-	-	-	-	-
Elections	-	-	-	-	-
Financial Administration	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	44,305	243,898	-	-	-
Road and Bridge	-	-	-	-	-
TOTAL EXPENDITURES	44,305	243,898	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(43,079)	(164,389)	-	61	-
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease Purchase Agreement	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-
Transfers In	45,000	170,000	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	45,000	170,000	-	-	-
CHANGE IN FUND BALANCE	1,921	5,611	-	61	-
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	2,506	(3,216)	430	566	300
Error Correction	-	-	-	-	-
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	2,506	(3,216)	430	566	300
FUND BALANCE, END OF YEAR	\$ 4,428	\$ 2,394	\$ 430	\$ 627	\$ 300

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS (continued) Year Ended September 30, 2024

	Non-Major Governmental Funds				
	Unclaimed Funds	Election	Sheriff Forfeiture	Pre-Trial Diversion	Civil Court Fees
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Auto License Fees	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
State and Federal Contracts	-	-	-	-	-
Fees of Office	-	-	-	1,800	-
Fees and Commissions	-	-	-	-	-
Other Income					
Interest	-	-	831	2,474	-
Rent	-	-	-	-	-
Sales	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Royalties and Commissions	-	-	-	-	-
Other Services	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Gain and (Loss) on Investments	-	-	-	-	-
TOTAL REVENUES	-	-	831	4,274	-
EXPENDITURES:					
General Administration	-	-	-	-	-
Judicial	-	-	-	5,514	-
Elections	-	-	-	-	-
Financial Administration	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Road and Bridge	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	5,514	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	831	(1,240)	-
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease Purchase Agreement	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	-	-	831	(1,240)	-
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	6,213	5,966	-	66,353	4,730
Error Correction	-	-	27,423	-	-
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	6,213	5,966	27,423	66,353	4,730
FUND BALANCE, END OF YEAR	\$ 6,213	\$ 5,966	\$ 28,253	\$ 65,113	\$ 4,730

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS (continued) Year Ended September 30, 2024

	Non-Major Governmental Funds				
	District	County	Fire	Healthy	Investment
	Court Civil	and District Court Technology	Rescue Donations	County	Fund
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Auto License Fees	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
State and Federal Contracts	-	-	5,940	-	-
Fees of Office	-	526	-	-	-
Fees and Commissions	-	-	-	-	-
Other Income					
Interest	-	-	-	-	-
Rent	-	-	-	-	-
Sales	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Royalties and Commissions	-	-	-	-	-
Other Services	-	-	-	-	-
Donations	-	-	26,350	-	-
Miscellaneous	-	-	-	-	-
Gain and (Loss) on Investments	-	-	-	-	-
TOTAL REVENUES	-	526	32,290	-	-
EXPENDITURES:					
General Administration	-	-	-	-	-
Judicial	-	-	-	-	-
Elections	-	-	-	-	-
Financial Administration	-	-	-	-	-
Public Safety	-	-	26,391	-	-
Health and Welfare	-	-	-	830	-
Road and Bridge	-	-	-	-	-
TOTAL EXPENDITURES	-	-	26,391	830	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	526	5,899	(830)	-
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease Purchase Agreement	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	-	526	5,899	(830)	-
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	75	5,907	17,913	812	350,000
Error Correction	-	-	-	-	-
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	75	5,907	17,913	812	350,000
FUND BALANCE, END OF YEAR	\$ 75	\$ 6,433	\$ 23,812	\$ (18)	\$ 350,000

FINANCIAL SECTION

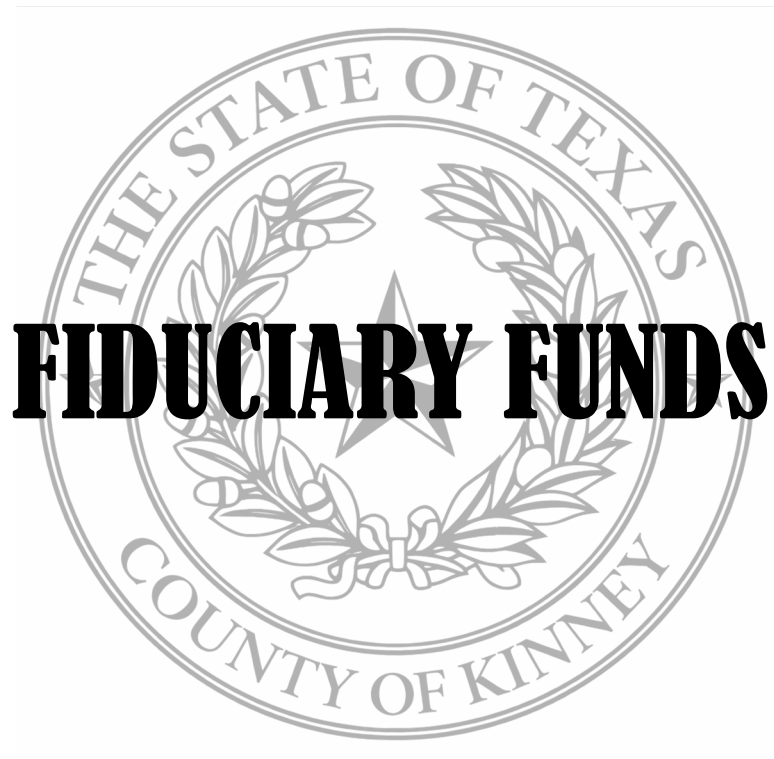
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS (continued) Year Ended September 30, 2024

	Non-Major Governmental Funds				
	JP In Court	KCSO Donations	EMS Donations	BISD Student Election Workers	County Constable
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Auto License Fees	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
State and Federal Contracts	-	-	-	-	-
Fees of Office	185,708	-	-	-	-
Fees and Commissions	-	-	-	-	-
Other Income					
Interest	6	-	-	-	-
Rent	-	-	-	-	-
Sales	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Royalties and Commissions	-	-	-	-	-
Other Services	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	300	1,424	-
Gain and (Loss) on Investments	-	-	-	-	-
TOTAL REVENUES	185,714	-	300	1,424	-
EXPENDITURES:					
General Administration	-	-	-	-	-
Judicial	185,707	-	-	-	-
Elections	-	-	-	1,266	-
Financial Administration	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	1,335	-	-
Road and Bridge	-	-	-	-	-
TOTAL EXPENDITURES	185,707	-	1,335	1,266	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7	-	(1,035)	158	-
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease Purchase Agreement	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	7	-	(1,035)	158	-
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	25	4,235	2,936	7,355	750
Error Correction	-	-	-	-	-
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	25	4,235	2,936	7,355	750
FUND BALANCE, END OF YEAR	\$ 32	\$ 4,235	\$ 1,901	\$ 7,513	\$ 750

FINANCIAL SECTION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS (concluded) Year Ended September 30, 2024

	Non-Major Governmental Funds			
	Donations KC Border Security	Bond Commission	Auction Surplus	Total Non-Major Funds
REVENUES				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Auto License Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
State and Federal Contracts	-	-	-	70,256
Fees of Office	-	-	-	213,326
Fees and Commissions	-	107,835	-	123,028
Other Income	-	-	-	-
Interest	-	673	4,287	15,862
Rent	-	-	-	-
Sales	-	-	571,093	571,093
Refunds and Reimbursements	-	-	-	1,148
Royalties and Commissions	-	-	-	-
Other Services	-	-	-	-
Donations	400	-	-	26,750
Miscellaneous	-	-	-	1,724
Gain and (Loss) on Investments	-	-	-	-
TOTAL REVENUES	400	108,508	575,380	1,023,188
EXPENDITURES:				
General Administration	-	-	-	9,569
Judicial	-	11,190	-	214,826
Elections	-	-	-	1,266
Financial Administration	-	-	-	-
Public Safety	-	-	346,286	373,493
Health and Welfare	-	-	-	290,368
Road and Bridge	-	-	-	-
TOTAL EXPENDITURES	-	11,190	346,286	889,522
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	400	97,318	229,094	133,666
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease Purchase Agreement	-	-	-	-
Gain (Loss) on Investments	-	-	-	-
Transfers In	-	-	-	218,163
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	218,163
CHANGE IN FUND BALANCE	400	97,318	229,094	351,829
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	4,974	19,985	-	746,583
Error Correction	-	-	529,105	556,502
FUND BALANCE, BEGINNING, AS ADJUSTED OR RESTATED	4,974	19,985	529,105	1,303,085
FUND BALANCE, END OF YEAR	\$ 5,374	\$ 117,303	\$ 758,198	\$ 1,654,912



FINANCIAL SECTION

FIDUCIARY FUNDS:

These funds are used to account for the assets held by the County in a custodial capacity for individuals, private organizations, other governments and / or other funds:

Court Costs Fund

County/District Clerk Fund

Tax Assessor Collector Fund

Sheriff Fund

FINANCIAL SECTION

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS September 30, 2024

	Custodial Funds				
	Court Costs	County/ District Clerk	Tax Assessor Collector	Sheriff	Totals
ASSETS					
Cash	\$ 102,734	\$ 2,279,459	\$ 27,847	\$ 1,097	\$ 2,411,137
Investments	-	-	-	-	-
Accounts Receivables	194	-	-	-	194
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
TOTAL ASSETS	\$ 102,927	\$ 2,279,459	\$ 27,847	\$ 1,097	\$ 2,411,330
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Due to Other Governments	102,927	-	-	-	102,927
Due to Others	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	102,927	-	-	-	102,927
NET POSITION					
Restricted for Individuals and Other Governments	\$ -	\$ 2,279,459	\$ 27,847	\$ 1,097	\$ 2,308,403

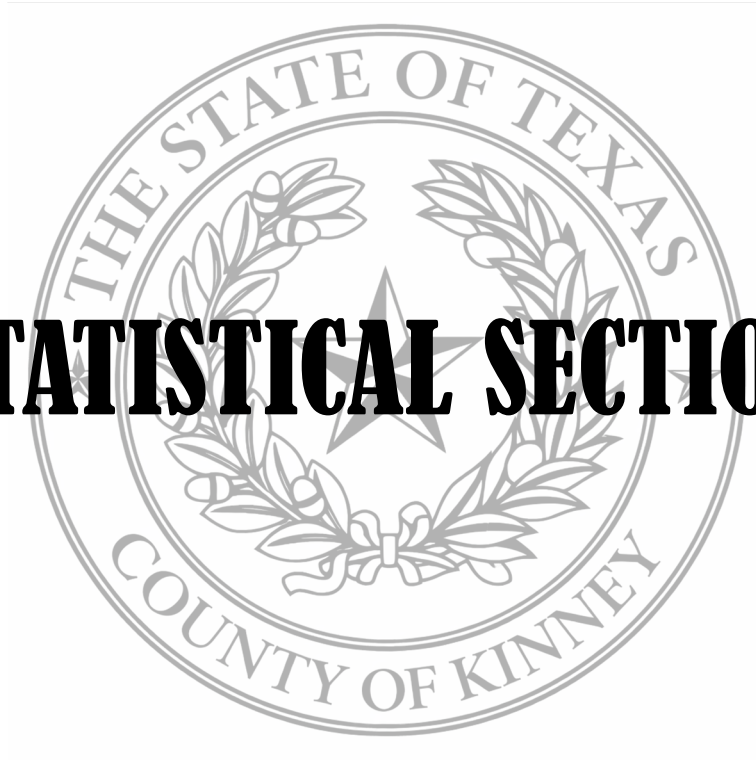
See accompanying notes to the financial statements

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS Year Ended September 30, 2024

	Court Costs	County/ District Clerk	Tax Assessor	Sheriff	Total
Additions					
Fines and fees	\$ 174,422	\$ 164,529	\$ 342,988	\$ -	\$ 681,939
Payments received from other governments	-	-	-	-	-
Payments received from others	-	171,836	-	-	171,836
Payments received on behalf of minors	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest income	-	11,039	148	-	11,187
TOTAL ADDITIONS	<u>174,422</u>	<u>347,404</u>	<u>343,136</u>	<u>-</u>	<u>864,962</u>
Deductions					
Payments to Others	34,054	1,870,501	773	14	1,905,342
Payments of property tax collections to other governments	-	-	-	-	-
Court ordered disbursements	-	-	-	-	-
Payments due to other governments for their share of fines and fees	148,584	20,812	336,376	-	505,773
TOTAL DEDUCTIONS	<u>182,638</u>	<u>1,891,313</u>	<u>337,150</u>	<u>14</u>	<u>2,411,115</u>
Net Increase (Decrease) in Fiduciary Net Position	(8,216)	(1,543,909)	5,987	(14)	(1,546,152)
Net Position, Beginning of Year, as Previously Presented	<u>113,873</u>	<u>2,084,440</u>	<u>21,892</u>	<u>1,110</u>	<u>2,221,316</u>
Error Correction	(3,516)	1,739,715	(32)	-	1,736,166
Net Position, Beginning of Year, as Adjusted or Restated	<u>110,357</u>	<u>3,824,154</u>	<u>21,860</u>	<u>1,110</u>	<u>3,957,482</u>
Net Position, End of Year	<u>\$ 102,141</u>	<u>\$ 2,280,245</u>	<u>\$ 27,847</u>	<u>\$ 1,097</u>	<u>\$ 2,411,330</u>

STATISTICAL SECTION



STATISTICAL SECTION

TABLE OF CONTENTS

This part of the County's annual comprehensive financial report presents detailed information to enhance the understanding of the information in the financial statement, note disclosures, and required supplementary information and what the data indicates about the County's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to aid in understanding how the County's financial performance and well being have changed over time.

REVENUE CAPACITY

These schedules contain information to aid in assessing the factors affecting the County's ability to generate its property taxes, its most significant local revenue source.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.

OPERATING INFORMATION

These schedules contain information about the County's operations and resources to aid in understanding how the County's financial information relates to the services the County provides and the activities it performs.

STATISTICAL SECTION

NET POSITION BY COMPONENT LAST SEVEN FISCAL YEARS (Accrual basis of accounting—Unaudited)

	2018	2019	2020	2021	2022	2023	2024
Net Position:							
Net investment in Capital Assets	\$ 2,594,350	\$ 2,856,462	\$ 3,589,203	\$ 4,264,305	\$ 5,157,806	\$ 5,651,078	\$ 6,417,688
Restricted	917,018	1,432,225	1,749,530	1,682,765	2,029,180	2,339,233	1,931,739
Non Spendable	-	-	-	-	-	31,168	-
Committed	-	-	-	-	360,350	360,350	-
Unrestricted	<u>3,017,873</u>	<u>4,742,610</u>	<u>3,895,861</u>	<u>3,962,335</u>	<u>2,445,001</u>	<u>4,206,853</u>	<u>6,031,545</u>
Total Net Position	<u>\$ 6,529,241</u>	<u>\$ 9,031,297</u>	<u>\$ 9,234,594</u>	<u>\$ 9,909,405</u>	<u>\$ 9,992,337</u>	<u>\$12,588,682</u>	<u>\$14,380,972</u>

Source: Kinney County Financial Records

STATISTICAL SECTION

CHANGES IN NET POSITION LAST SEVEN FISCAL YEARS (Accrual basis of accounting—Unaudited)

	2018	2019	2020	2021	2022	2023	2024
Revenues:							
Net Program Revenues:							
Charges for Services	\$ 775,912	\$ 1,034,594	\$ 965,421	\$ 1,318,211	\$ 2,020,164	\$ 2,151,507	\$ 18,400,599
Operating Grants and Contributions	1,686,277	2,396,750	1,900,692	2,779,461	3,098,848	3,603,845	5,233,174
Capital Grants and Contributions	156,405	711,748	-	-	1,732,209	1,325,038	-
General Revenues:							
Ad Valorem Taxes	2,312,127	2,524,320	3,141,099	3,819,884	3,707,396	4,408,947	4,648,143
Sales Taxes	211,436	1,084,227	207,688	213,138	191,872	654,304	840,153
Investment Income	-	-	-	-	63,592	225,365	269,353
Other Income	195,452	992,411	451,974	222,566	161,369	462,127	756,955
Total Revenues	<u>5,337,609</u>	<u>8,744,050</u>	<u>6,666,874</u>	<u>8,353,260</u>	<u>10,975,450</u>	<u>12,831,133</u>	<u>30,148,376</u>
Expenses:							
General Administration	898,833	1,150,600	1,351,426	1,280,983	1,392,783	1,646,512	842,080
Judicial	371,016	651,074	708,212	778,398	898,254	879,762	852,975
Elections	-	-	-	-	-	-	2,815
Financial Administration	336,742	325,695	290,336	355,901	231,637	271,153	427,495
Public Facilities	420,507	981,472	1,071,225	468,474	725,093	879,765	1,819,360
Public Safety	2,397,518	2,434,382	2,524,855	3,280,712	6,438,214	5,462,396	22,578,913
Health and Welfare	401,776	344,313	243,485	453,790	451,781	468,545	1,912,651
Conservation	70,784	81,216	31,616	103,201	106,686	114,119	117,600
Road and Bridge	314,482	273,242	242,422	283,990	399,085	443,532	356,828
Long-Term Interest Payments	-	-	-	-	-	-	2,658
Employee Pension Expense	-	-	-	-	-	-	(248,160)
Total Expenses	<u>5,211,658</u>	<u>6,241,994</u>	<u>6,463,577</u>	<u>7,005,449</u>	<u>10,643,533</u>	<u>10,165,784</u>	<u>28,665,216</u>
Change in Net Position	125,951	2,502,057	203,298	1,347,811	331,917	2,665,349	1,483,161
Net Position - Beginning	6,403,290	6,529,241	8,698,297	8,901,595	9,660,416	9,923,333	12,588,682
Error Correction	-	-	-	-	-	-	309,134
Net Position - Ending	<u>\$ 6,529,241</u>	<u>\$ 9,031,298</u>	<u>\$ 8,901,595</u>	<u>\$ 10,249,406</u>	<u>\$ 9,992,333</u>	<u>\$ 12,588,682</u>	<u>\$ 14,380,971</u>

STATISTICAL SECTION

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST SEVEN FISCAL YEARS (Accrual basis of accounting—Unaudited)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund Property Tax	\$ 2,211,392	\$ 2,316,778	\$ 3,094,098	\$ 3,657,991	\$ 3,642,598	\$ 4,149,931	\$ 4,500,881
Road & Bridge Property Tax	-	-	-	-	149,417	133,573	330,081
Other Governmental	93,131	96,775	131,962	153,738	-	-	-
Total Taxes	<u>\$ 2,304,523</u>	<u>\$ 2,413,552</u>	<u>\$ 3,226,060</u>	<u>\$ 3,811,728</u>	<u>\$ 3,792,016</u>	<u>\$ 4,283,504</u>	<u>\$ 4,830,962</u>

Source: Kinney County Financial Records

STATISTICAL SECTION

FUND BALANCES, GOVERNMENTAL FUNDS LAST SEVEN FISCAL YEARS (Modified Accrual basis of accounting—Unaudited)

	2018	2019	2020	2021	2022	2023	2024
General Fund							
Nonspendable	\$ 31,655	\$ 14,652	\$ 17,014	\$ 20,319	\$ 22,832	\$ 31,168	\$ -
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	1,825,577	3,130,411	2,525,323	2,831,192	2,814,807	3,382,958	4,321,000
Total General Fund	<u>\$ 1,857,232</u>	<u>\$ 3,145,063</u>	<u>\$ 2,542,337</u>	<u>\$ 2,851,511</u>	<u>\$ 2,837,639</u>	<u>\$ 3,414,126</u>	<u>\$ 4,321,000</u>
All Other Governmental Funds							
Nonspendable	\$ 1,474	\$ 1,831	\$ 2,066	\$ 2,532	\$ -	\$ -	\$ 2,589
Restricted	917,018	1,432,225	1,749,530	2,022,765	2,029,180	2,339,233	1,929,151
Committed	360,228	361,449	353,850	359,850	360,350	360,350	-
Assigned	-	-	-	-	-	-	-
Unassigned	(209,454)	(134,916)	(302,436)	(333,670)	(369,806)	(15,210)	887,936
Total All Other Governmental Funds	<u>\$ 1,069,266</u>	<u>\$ 1,660,589</u>	<u>\$ 1,803,010</u>	<u>\$ 2,051,477</u>	<u>\$ 2,019,724</u>	<u>\$ 2,684,373</u>	<u>\$ 2,819,676</u>

Source: Kinney County Financial Records

STATISTICAL SECTION

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST SEVEN FISCAL YEARS (Modified Accrual basis of accounting—Unaudited)

	2018	2019	2020	2021	2022	2023	2024
REVENUES							
Ad Valorem Taxes	\$ 2,304,523	\$ 2,413,553	\$ 3,226,060	\$ 3,811,729	\$ 3,792,015	\$ 4,283,504	\$ 4,830,962
Sales Tax	211,436	1,084,227	207,688	213,138	191,872	654,304	840,153
Other Taxes	2,810	4,849	4,436	3,383	-	-	-
Fines and Forfeitures	196,910	243,161	196,887	249,088	175,728	600,021	1,597,904
State and Federal Contracts	1,842,682	3,108,498	1,900,692	2,779,461	4,829,981	4,928,883	5,247,093
Fees of Office	439,005	649,711	631,670	822,538	1,673,227	1,551,486	293,441
Fees and Commissions	190,121	175,079	167,406	180,180	171,111	169,778	16,249,706
Other Income							
Interest	50,935	89,675	51,671	6,975	63,592	225,365	269,353
Rent	-	-	-	-	-	-	5,381
Sales	-	-	-	-	-	-	571,093
Refunds and Reimbursements	-	-	-	-	-	-	39,300
Royalties and Commissions	-	-	-	-	-	-	-
Other Services	-	-	-	-	-	-	308,669
Donations	-	-	-	-	-	-	27,469
Miscellaneous	141,707	897,887	395,867	212,208	162,543	274,703	50,670
Gain/(Loss) on Investments	-	-	-	-	-	-	-
TOTAL REVENUES	5,380,129	8,666,640	6,782,377	8,278,700	11,060,069	12,688,044	30,331,193
EXPENDITURES							
General Administration	1,113,235	1,234,502	1,356,616	1,288,826	1,353,453	2,171,676	2,013,457
Judicial	370,997	677,283	711,209	777,577	927,916	938,709	849,573
Elections	-	-	-	-	-	-	1,266
Financial Administration	337,013	352,632	340,983	355,356	240,455	264,625	419,750
Public Facilities	381,914	336,942	954,707	732,959	748,907	1,230,090	1,662,848
Public Safety	2,534,808	2,663,693	3,056,729	3,391,347	6,707,895	5,885,415	22,384,200
Health and Welfare	396,805	383,545	369,717	447,620	435,323	438,629	1,812,288
Conservation	76,521	87,757	95,418	100,631	104,537	111,856	113,997
Road and Bridge	337,283	323,897	249,731	375,387	602,559	423,557	296,326
Construction and Facility Acquisition Costs	217,733	727,235	107,572	251,356	-	-	-
Principal Payments	-	-	-	-	-	-	11,349
Interest Payments and Other Charges	-	-	-	-	-	-	2,658
TOTAL EXPENDITURES	5,766,309	6,787,485	7,242,682	7,721,059	11,121,044	11,464,557	29,567,712
EXCESS REVENUES (EXPENDITURES)	(386,180)	1,879,155	(460,305)	557,641	(60,975)	1,223,487	763,481
OTHER FINANCING SOURCES (USES)							
Proceeds from Lease Purchase Agreement	-	-	-	-	15,520	-	-
Proceeds from Loans and Notes	-	-	-	-	-	-	-
Proceeds from Issuance of Bonds	-	-	-	-	-	-	-
Gain (Loss) on Investments	-	-	-	-	-	-	-
Operating Transfers In	1,301,555	1,357,183	1,105,365	1,062,264	1,217,873	1,597,301	1,008,163
Operating Transfers Out	(1,301,555)	(1,357,183)	(1,105,365)	(1,062,264)	(1,217,873)	(1,579,655)	(1,008,163)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	15,520	17,646	-
CHANGE IN FUND BALANCE	(386,180)	1,879,155	(460,305)	557,641	(45,455)	1,241,133	763,481
FUND BALANCE, BEGINNING OF YEAR, AS PRESENTED	3,312,678	2,926,498	4,805,653	4,345,349	4,902,819	4,857,365	6,098,499
Error Correction	-	-	-	-	-	-	278,698
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED OR CORRECTED	3,312,678	2,926,498	4,805,653	4,345,349	4,902,819	4,857,365	6,377,196
FUND BALANCE, END OF YEAR	\$ 2,926,498	\$ 4,805,653	\$ 4,345,348	\$ 4,902,990	\$ 4,857,364	\$ 6,098,498	\$ 7,140,676

STATISTICAL SECTION

ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS (Unaudited)

Tax Roll Year	Assessed Real Property	Assessed Personal Property	Less: Productivity Loss	Less: Homestead Cap	Less: Tax-Exempt Property	Total Taxable Assessed Value	Less Freeze Taxable	Total Freeze Adjusted Taxable	Direct Tax Rate
2019	1,320,253,023	275,624,185	1,075,710,043	2,366,827	140,340,310	377,460,028	22,873,880	354,586,148	0.6614
2020	1,336,869,659	383,045,404	1,082,910,584	3,370,245	130,777,706	502,856,528	24,514,739	478,341,789	0.6461
2021	1,348,548,086	564,031,765	1,079,902,181	4,380,508	128,566,449	699,730,713	26,682,492	673,048,221	0.5575
2022	1,362,354,076	548,297,273	1,051,225,439	4,251,986	133,778,043	721,395,881	28,890,130	692,505,751	0.5595
2023	1,380,187,861	621,960,887	1,068,593,217	4,043,381	134,582,726	794,929,424	29,121,714	765,807,710	0.5008
2024	1,419,861,565	775,558,142	1,067,580,200	8,376,607	165,663,541	953,799,359	32,227,581	921,571,778	

Note: The appraisal of property within the County is the responsibility of the Kinney County Appraisal District. Under the Texas Tax Code, the appraisal district is required to appraise all property on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The Appraisal District is required to review the value of property at least every three years.

(1) Tax rates are per \$100 of assessed value

Source: Kinney County Appraisal District

STATISTICAL SECTION

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST SEVEN FISCAL YEARS (Per \$100 of Assessed Value—Unaudited)

	2018	2019	2020	2021	2022	2023	2024
County Direct Rates							
Kinney County	0.6637	0.6614	0.6461	0.5575	0.5595	0.4836	0.5008
City and Town Rates							
City of Brackettville	0.596100	0.630900	0.591200	0.587000	0.596300	0.553100	0.521500
City of Spofford	0.268000	0.256400	0.200600	0.207500	0.217200	0.212700	0.196400
School District Rates							
Brackettville Independent School District	1.040000	0.970000	0.870000	0.872000	0.854600	0.669200	0.666900
Other Rates							
Fort Clark MUD	0.388400	0.357600	0.344300	0.181400	0.320500	0.283500	0.272400
Kinney County Ground Water District	0.059000	0.059000	0.059000	0.058900	0.056100	0.050300	0.468000

STATISTICAL SECTION

PROPERTY TAX LEVY COMPARISON AND COLLECTIONS LAST SEVEN FISCAL YEARS (Unaudited)

<u>Tax Roll Year</u>	<u>County Fiscal Year</u>	<u>Total Adjusted Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2018	2019	\$ 2,345,233	\$ -	0.00%	\$ -	\$ -
2019	2020	\$ 3,090,566	\$ -	0.00%	\$ -	\$ -
2020	2021	\$ 3,752,244	\$ -	0.00%	\$ -	\$ -
2021	2022	\$ 3,874,570	\$ -	0.00%	\$ -	\$ -
2022	2023	\$ 3,703,446	\$ -	0.00%	\$ -	\$ -
2023	2024	\$ 4,615,231	\$ 4,418,512	95.74%	\$ 82,368	\$ 4,500,881

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS (Unaudited)

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2018	3,690	114,726	31,091	4.1
2019	3,668	115,199	31,406	3.3
2020	3,125	124,691	39,901	5.7
2021	3,120	134,960	43,256	5.3
2022	3,143	131,823	41,942	4.4
2023	3,204	143,446	44,771	4.2
2024	3,191	145,058	45,458	4.1

Data Sources:

FRED - Economic Research





Cascos & Associates, PC

Certified Public Accountants
Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITORS' 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*

To the Honorable County Judge and
Commissioners' Court
Kinney County, 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 Kinney County, Texas (the "County"), as of and for the year ended September 30, 2024, 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 8, 2026.

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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001; 2024-002; 2024-004 and 2024-005 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-003; 2024-006; 2024-007; 2024-008 and 2024-009 to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-005; 2024-006; 2024-007; 2024-008 and 2024-009.



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The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cascos & Associates, PC
Brownsville, Texas
April 8, 2026



Cascos & Associates, PC

Certified Public Accountants
Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND TEXAS GRANT MANAGEMENT STANDARDS (TxGMS)

To the Honorable County Judge and
Commissioners' Court
Kinney County, Texas

Report on Compliance for Each Major Federal and State Program

Qualified and Unmodified Opinions

We have audited Kinney County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Texas Grant Management Standards (TxGMS) 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, 2024. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Operation Lone Star (OLS)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Operation Lone Star (OLS) for the year ended September 30, 2024.

Unmodified Opinion on Each of the Other Major Federal and State Programs

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 each of its other major federal and state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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 TxGMS. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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 qualified and unmodified opinions 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.

Matter(s) Giving Rise to Qualified Opinion on Operation Lone Star (OLS)

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding Operation Lone Star (OLS) as described in finding numbers 2024-005; 2024-006 and 2024-009 for Reporting and 2024-007; 2024-008 for Allowable Costs/ Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.



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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 County's federal and state programs.

Auditors' 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and TxGMS 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, 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 TxGMS, 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

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 Auditors' 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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 or state 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 or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-005 to be material weaknesses.

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 2024-006; 2024-007; 2024-008 and 2024-009 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. Accordingly, this report is not suitable for any other purpose.



Cascos & Associates, PC
Brownsville, Texas
April 8, 2026

KINNEY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(1)	(2) Assistance Listing Number (ALN)	(3) Pass-Through Entity Identifying No.	(4) Federal and State Expenditures
<u>FEDERAL AWARDS</u>				
U.S. DEPARTMENT OF TREASURY				
<i>Direct Programs</i>				
COVID-19 - ARPA Coronavirus State and Local Fiscal Recovery Funds (SLFRF)		21.027	N/A	\$ <u>300,275</u>
Total ALN 12.000				<u>300,275</u>
TOTAL U.S. DEPARTMENT OF TREASURY				<u>300,275</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
<i>Passed Through Texas Department of Agriculture:</i>				
Community Development Block Grant		14.225	CFC21-0306	189,206
Community Development Block Grant		14.225	CFP22-0169	145,008
Community Development Block Grant		14.225	CDV23-0162	<u>31,355</u>
Total ALN 14.225				<u>365,569</u>
Total Passed Through Texas Education Agency				<u>365,569</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>365,569</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Middle Rio Grande Development Council:</i>				
Special Programs for the Aging, Title III, Part B, Grants Supportive Services and Senior Centers		93.044		<u>3,523</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services		93.045		23,258
Health Care and Other Facilities		93.045		<u>28,794</u>
Total ALN 93.045				<u>52,052</u>
Total Passed Through Middle Rio Grande Development Council				<u>55,575</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>55,575</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Office of the Governor:</i>				
Homeland Security Grant Program (Operation Stone Garden 2021)		97.067		125,191
Homeland Security Grant Program (Operation Stone Garden 2022)		97.067		174,737
Homeland Security Grant Program (Operation Stone Garden 2023)		97.067		<u>270,951</u>
Total ALN 97.067				<u>570,879</u>
Total Passed Through Office of the Governor				<u>570,879</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>570,879</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>1,292,298</u>

See Accompanying Notes to the Schedule of Expenditures of Federal and State Awards.

KINNEY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(1)	(2) Assistance Listing Number (ALN)	(3) Pass-Through Entity Identifying No.	(4) Federal and State Expenditures
<u>STATE AWARDS</u>				
<i>Passed Through Office of the Governor - Criminal Justice Division (CJD):</i>				
School Resource Officer				76,093
Total Passed Through Office of the Governor - Criminal Justice Division (CJD)				<u>76,093</u>
<i>Passed Through Texas Department of Agriculture:</i>				
Texans Feeding Texas: Home-Delivered Meal Grant Program				5,343
Total Passed Through Texas Department of Agriculture				<u>5,343</u>
<i>Passed Through Texas Department of Health and Human Services:</i>				
Title XIX (CCSE) Services				123
Title XX Social Services Block Grant (SSBG)				3,275
Total Passed Through Texas Department of Health and Human Services				<u>3,398</u>
Southwest Border Rural Law Enforcement Assistance Program				16,126
Operation Lonestar Border County				672,044
Operation Lonestar Border County				2,045,980
Operation Lonestar Border County				522,581
Total Passed Through Office of the Governor - Homeland Security Grants Division				<u>3,256,731</u>
<i>Passed Through Texas Parks and Wildlife:</i>				
TP&W Splashpad Project				100,000
Total Passed Through Texas Parks and Wildlife				<u>100,000</u>
<i>Defense Economic Adjustment Assistance Grant:</i>				
SB-22 Attorney				29,137
SB-22 Sheriff				309,052
Total Defense Economic Adjustment Assistance Grant				<u>338,189</u>
<i>Texas Commission on Environmental Quality:</i>				
Texas Local Emergency Planning Committee				37,246
Total Texas Commission on Environmental Quality				<u>37,246</u>
TOTAL EXPENDITURES OF STATE AWARDS				<u>3,817,000</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS				<u>\$ 5,109,298</u>

See Accompanying Notes to the Schedule of Expenditures of Federal and State Awards.

KINNEY COUNTY, TEXAS
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards (the “Schedules”), present the activity of all federal and state financial assistance programs of Kinney County, Texas (the “County”), for the year ended September 30, 2024. The County’s reporting entity is defined in Note 1 to the County’s financial statements. Federal financial assistance received directly from federal agencies and other agencies are included in the Schedules.

2. BASIS OF ACCOUNTING AND PRESENTATION

The accompanying Schedules are presented using the modified accrual basis of accounting, which is described in Note 1 to the County’s financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal and state programs expended by the County were provided to subrecipients.

4. INDIRECT COSTS

The County did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

KINNEY COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. Summary of the Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weakness(es) identified:	2024-001; 2024-002 and 2024-004
Significant deficiencies identified that are not considered to be material weaknesses:	2024-003
Noncompliance material to the financial statements noted?	No

Federal and State Awards

Internal control over major programs: Material weakness(es) identified:	2024-005
Significant deficiencies identified that are not considered to be material weaknesses:	2024-006; 2024-007 2024-008; 2024-009
Type of auditors' report on compliance with major federal programs:	Unmodified
Type of auditors' report on compliance with major state programs:	Qualified
Any audit findings which are required to be reported in accordance with 2 CFR 200.516(a) and TxGMS?	Yes
Major programs are as follows:	

Federal

<u>Name of Federal Program:</u>	<u>Assistance Listing Number:</u>
COVID-19 – ARPA Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	21.027
Community Development Block Grant (CDBG)	14.228

State

<u>Name of State Program:</u>
Operation Lone Star (OLS)

Dollar threshold used to distinguish between Type A and Type B federal programs:	\$750,000
Dollar threshold used to distinguish between Type A and Type B state programs:	\$750,000
Auditee qualified as a low-risk auditee:	No

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

II. Financial Statement Findings

Finding 2024-001

Prior year ending balances do not agree to General Ledger

Criteria:

In accordance with generally accepted accounting principles (GAAP) and sound internal control practices, opening balances in the general ledger should agree to the audited closing balances from the prior period to ensure accuracy and continuity in financial reporting.

Condition:

During our testing of controls, we noted that multiple ending balances reported in the prior year audited financial statements did not agree to the corresponding beginning balances in the current year general ledger. Variances were identified across multiple accounts and funds, including fund balances and cash.

Cause and Effect:

Kinney County, Texas (the "County") experienced turnover in the Auditor's Office which caused delays in the year-end closing process. Additionally, the County did not reconcile the general ledger to the prior year's financial audit report. The County also does not have a formal year-end closing policy in place. Management was unable to provide sufficient documentation or reconciliation to explain the differences. This may be due to adjustments recorded outside of the formal accounting system, errors in prior period postings, or lack of a formal process to roll forward audited balances into the general ledger. The inability to reconcile prior year audited balances to the current general ledger raises concerns about the reliability and completeness of financial data. This increases the risk of material misstatement in the financial statements and may impact users' confidence in the County's financial reporting.

Questioned Costs:

\$0

Repeat Finding From
Prior Year(s):

No.

Recommendation:

We recommend management evaluate the year-end closing process to ensure adequate controls are in place for timely completion, including reconciliation of the general ledger to the audited financials after the audit is completed. Additionally, management should implement a formal process to ensure that audited ending balances are accurately carried forward into the subsequent period's accounting records.

Management's views:

Management agrees with the finding. See corrective action plan on page 118.

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-002

Cash – Bank reconciliations do not agree to the general ledger

Criteria:

In accordance with generally accepted accounting principles (GAAP) and sound internal control practices, bank reconciliations should be prepared regularly, reviewed, and should be reconciled to the general ledger to ensure the accuracy and completeness of cash balances.

Condition:

During our review of internal controls over cash, we noted that bank reconciliations for some accounts do not agree with the corresponding balances recorded in the general ledger. It was also noted that the reconciliations did not contain any evidence of review.

Cause and Effect:

The discrepancies appear to result from inadequate reconciliation procedures, lack of review, and adequate adjustments to the general ledger based on the reconciliation balance. Additionally, there may be a lack of oversight or formal policies governing the reconciliation process. Failure to properly reconcile cash accounts to the general ledger increases the risk of errors, omissions, or potential misappropriation of funds going undetected. This may result in misstated cash balances and reduces the reliability of financial reporting.

Questioned Costs:

\$0

Repeat Finding From
Prior Year(s):

No.

Recommendation:

We recommend that management implement a formal bank reconciliation process that includes timely preparation, independent review, proper documentation of all reconciling items and proper adjustment to the general ledger based on the reconciliations. Differences should be promptly investigated and resolved, and reconciliations should be consistently tied to the general ledger balances. Management should also establish clear policies and assign responsibility for the reconciliation process.

Management's views:

Management agrees with the finding. See corrective action plan on page 118.

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-003

Misclassification of the Payroll Fund as a Fiduciary Fund in the prior year.

Criteria:

In accordance with Governmental Accounting Standards Board (GASB) standards, fiduciary funds are used to report resources held for the benefit of parties outside the government and cannot be used to support the government's own programs. Funds such as payroll typically involve resources that are either part of the government's operations or subject to statutory requirements that do not meet the definition of fiduciary activities and therefore should be reported in the appropriate governmental fund, as applicable.

Condition:

During our audit procedures, we noted that the payroll fund was presented as a fiduciary fund in the prior year financial statements. Based on our review, this fund does not meet the criteria for fiduciary fund classification and should have been reported within the appropriate governmental fund category.

Cause and Effect:

The misclassification appears to have resulted from a misunderstanding of GASB reporting requirements and the nature of fiduciary activities. Additionally, there was a lack of adequate review procedures over fund classification during the financial statement preparation process. Improper classification of the payroll fund resulted in a misstatement in the presentation of fund financial statements. This may impact the accuracy of governmental funds reporting and could mislead users of the financial statements regarding the nature and use of the entity's resources.

Questioned Costs:

\$0

Repeat Finding From
Prior Year(s):

No.

Recommendation:

We recommend that management review GASB guidance related to fiduciary activities and ensure proper classification of all funds. The payroll fund should be evaluated and reclassified, to the appropriate fund type. Additionally, management should implement a review process over financial statement presentation to ensure compliance with applicable accounting standards.

Management's views:

Management agrees with the finding. See corrective action plan on page 119.

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-004

Prior Period Adjustments Due to Mismatch of Prior Year Grant Revenues and Expenditures in the Special Revenue Funds.

Criteria:

In accordance with generally accepted accounting principles (GAAP) and governmental accounting standards, revenues and expenditures in special revenue funds should be recognized in the same period in which they are earned and incurred, respectively. Grant revenues should be recorded in accordance with eligibility requirements and matched to allowable expenditures to ensure accurate financial reporting.

Condition:

During our audit procedures, we noted that multiple prior period adjustments were recorded in the current fiscal year to correct discrepancies between grant revenues and related expenditures within the special revenue funds. These adjustments were necessary to properly align revenues with the expenditures incurred in the appropriate reporting periods.

Cause and Effect:

The condition appears to have resulted from improper timing of revenue recognition and/or expenditure recording in the prior year, as well as inadequate monitoring of grant activity. Additionally, there may have been insufficient review controls to ensure that grant revenues were appropriately matched with related expenditures at year-end. The need for multiple prior period adjustments indicates weaknesses in financial reporting processes and internal controls. This may result in misstated financial statements in prior periods, reduces the reliability of financial information, and increases the risk of noncompliance with grant requirements.

Questioned Costs:

\$0

Repeat Finding From
Prior Year(s):

No.

Recommendation:

We recommend that management implement procedures to ensure proper matching of grant revenues and expenditures within the correct reporting period. This should include enhanced year-end review processes, regular monitoring of grant activity, and reconciliation of grant revenues to expenditures. Additionally, staff should receive training on proper revenue recognition and grant accounting requirements.

Management's views:

Management agrees with the finding. See corrective action plan on page 119.

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

III. Federal and State Award Findings and Questioned Costs

Finding 2024-005

Grant ledger did not reconcile to the March 2024 Financial Status Report (FSR)

State Program: Operation Lone Star (OLS)

State Agency: Office of the Governor – Homeland Security Grants Division

State Award Year: 2024

Type of Finding: Material Weakness Questioned Costs

Criteria:

In accordance with Texas Grant Management Standards (TxGMS) (Factors affecting allowability of costs), costs charged to state awards must be:

- Necessary and reasonable for the performance of the federal award;
- Allocable to the award;
- Consistent with policies and procedures applied uniformly to both federally financed and other activities;
- Adequately documented; and
- Conform to any limitations or exclusions set forth in the Uniform Guidance or the terms of the award.

Condition:

Before our program dual testing procedures, the County Auditor, informed us of a Site Monitoring Review performed by the Office of Compliance and Monitoring (OCM) and provided us with a copy of the updated report.

Cause and Effect:

For the period of September 1, 2023, through March 31, 2024, the County did not maintain a grant ledger that reconciled to the March 2024 FSR. In lieu of a grant ledger, the County provided a copy of their AP Transactions Report with handwritten cross-outs and a detailed General Ledger (GL) and chart of accounts for Fund 173. Reviewer noted that it was unclear which expenses were charged to the grant since the GL includes non-grant expenses, and grant expenses that were not claimed. The reviewer noted that the County should maintain a grant ledger that only includes grant-related expenses as well as a grant identifier and reconcile it to the amount claimed on the FSR for that reporting period.

Questioned Costs:

The identified cost of \$443,861 is more than 5 percent of the total program expenditures of \$3,256,731. This is considered a material noncompliance instance.

Recommendation:

We recommend the County develop processes and procedures that are documented in their official written policies and document how grant expenses are recorded, verified, reconciled, and reported on each FSR. This should include maintenance of a grant ledger that only contains grant-related expenditure as well as a grant identifier.

Management's views:

Management agrees with the finding. See corrective action plan on page 120.

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-006

Timekeeping and payroll records that meet grant requirements not maintained.

State Program: Operation Lone Star (OLS)

State Agency: Office of the Governor – Homeland Security Grants Division

State Award Year: 2024

Type of Finding: Significant Deficiencies Disallowed Costs

Criteria:

In accordance with Texas Grant Management Standards (TxGMS) (Factors affecting allowability of costs), costs charged to state awards must be:

- Necessary and reasonable for the performance of the federal award;
- Allocable to the award;
- Consistent with policies and procedures applied uniformly to both federally financed and other activities;
- Adequately documented; and
- Conform to any limitations or exclusions set forth in the Uniform Guidance or the terms of the award.

Condition:

Before our program dual testing procedures, the County Auditor, informed us of a Site Monitoring Review performed by the Office of Compliance and Monitoring (OCM) and provided us with a copy of the updated report.

Cause and Effect:

For the period of review, September 1, 2023, through March 31, 2024, the County did not maintain timekeeping and payroll records that meet grant requirements. The County provided paper time and activity reports. Review of these documents found illegible employee signature, hours charged to grant did not match actual hours worked, timesheets did not contain both employee and supervisor signatures, maintenance of periodic certifications were not maintained and the prior year's grant number was listed on the current year's time and activity report.

Disallowed Costs:

The identified cost of \$3,162 is less than 5 percent of the total program expenditures of \$3,256,731. This is not considered a material noncompliance instance.

Recommendation:

We recommend the County develop processes and procedures that are documented in their official written policies and document how timekeeping payroll records are maintained and reconcile time recorded to the grant using the correct grant number on the time and activity report.

Management's views:

Management agrees with the finding. See corrective action plan on page 120.

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-007

Unauthorized and/or ineligible personnel costs.

State Program: Operation Lone Star (OLS)
State Agency: Office of the Governor – Homeland Security Grants Division
State Award Year: 2024
Type of Finding: Significant Deficiencies Disallowed Costs

Criteria:

In accordance with Texas Grant Management Standards (TxGMS) (Factors affecting allowability of costs), costs charged to state awards must be:

- Necessary and reasonable for the performance of the federal award;
- Allocable to the award;
- Consistent with policies and procedures applied uniformly to both federally financed and other activities;
- Adequately documented; and
- Conform to any limitations or exclusions set forth in the Uniform Guidance or the terms of the award.

Condition:

Before our program dual testing procedures, the County Auditor, informed us of a Site Monitoring Review performed by the Office of Compliance and Monitoring (OCM) and provided us with a copy of the updated report.

Cause and Effect:

For the period of review, September 1, 2023, through March 31, 2024, the County had several discrepancies between timesheets, personnel overtime summary reports and paystubs. One instance an employee was paid a higher rate for grant hours vs. non-grant hours. Employees worked over the 16 hour threshold and all hours were charged to the grant. The County did not maintain the Daily Activity Reports (DARs) for grant OT employees and only maintained personnel overtime summary reports (POSR). One instance included overtime for an employee on their electronic timesheet where the paper timesheet did not have any overtime hours.

Disallowed Costs:

The identified cost of \$9,449 is less than 5 percent of the total program expenditures of \$3,256,731. This is not considered a material noncompliance instance.

Recommendation:

We recommend the County develop processes and procedures that are documented in their official written policies and document how timekeeping payroll records are maintained and reconcile overtime charged to the grant.

Management's views:

Management agrees with the finding. See corrective action plan on page 120.

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-008

Unauthorized non-personnel costs.

State Program: Operation Lone Star (OLS)
State Agency: Office of the Governor – Homeland Security Grants Division
State Award Year: 2024
Type of Finding: Significant Deficiencies Questioned Costs

Criteria:

In accordance with Texas Grant Management Standards (TxGMS) (Factors affecting allowability of costs), costs charged to state awards must be:

- Necessary and reasonable for the performance of the federal award;
- Allocable to the award;
- Consistent with policies and procedures applied uniformly to both federally financed and other activities;
- Adequately documented; and
- Conform to any limitations or exclusions set forth in the Uniform Guidance or the terms of the award.

Condition:

Before our program dual testing procedures, the County Auditor, informed us of a Site Monitoring Review performed by the Office of Compliance and Monitoring (OCM) and provided us with a copy of the updated report.

Cause and Effect:

For the period of review, September 1, 2023, through March 31, 2024, the County charged unauthorized non-personnel costs to the grant. The County did not maintain a cost allocation methodology for distributing costs. Reimbursement for fuel, mileage, food and lodging for contracts were charged to the grant inconsistently between vendors.

Questioned Costs:

The identified cost of \$2,212 is less than 5 percent of the total program expenditures of \$3,256,731. This is not considered a material noncompliance instance.

Recommendation:

We recommend the County develop and maintain a formally written and approved cost allocation plan for all non-personnel transactions.

Management's views:

Management agrees with the finding. See corrective action plan on page 121.

KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-009

Lack of maintaining a complete inventory list

State Program: Operation Lone Star (OLS)
State Agency: Office of the Governor – Homeland Security Grants Division
State Award Year: 2024
Type of Finding: Significant Deficiencies Questioned Costs

Criteria:

In accordance with Texas Grant Management Standards (TxGMS) (Factors affecting allowability of costs), costs charged to state awards must be:

- Necessary and reasonable for the performance of the federal award;
- Allocable to the award;
- Consistent with policies and procedures applied uniformly to both federally financed and other activities;
- Adequately documented; and
- Conform to any limitations or exclusions set forth in the Uniform Guidance or the terms of the award.

Condition:

Before our program dual testing procedures, the County Auditor, informed us of a Site Monitoring Review performed by the Office of Compliance and Monitoring (OCM) and provided us with a copy of the updated report.

Cause and Effect:

For the period of review, September 1, 2023, through March 31, 2024, the County submitted an inventory list which did not include the funding source, FAIN/SAIN number (State Award ID number on the SOGA), percent of federal participation, title holder, the day of disposal, use and condition. Additionally, the ATT 3 Dell XPS 13 9315 laptops with monitors, docking stations and keyboards/mouse combo are considered state-controlled assets and were not included on the inventory list.

Questioned Costs:

\$0

Recommendation:

We recommend the County create, implement and provide written policies and procedures for tracking equipment (both state and non-state controlled assets). The policy should reference all required elements listed in the OCM determination provided.

Management's views:

Management agrees with the finding. See corrective action plan on page 121.



KINNEY COUNTY AUDITOR

Cheryll A. Jones
COUNTY AUDITOR

April 8, 2026

KINNEY COUNTY, TEXAS CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2024

Kinney County, Texas (the "County") hereby submits the following corrective action plan in response to the findings identified in the Schedule of Findings and Questioned Costs for the year ended September 30, 2024. The County agrees with the findings and is committed to implementing the corrective actions described below to strengthen internal controls, improve financial reporting, and ensure compliance with applicable laws, regulations, and grant requirements.

I. FINANCIAL STATEMENT FINDINGS

Finding 2024-001

Prior Year Ending Balances Do Not Agree to General Ledger

Corrective Action Plan:

The County will establish and implement a formal year-end closing process to ensure that audited prior year balances are accurately carried forward into the general ledger.

Action Steps:

- A qualified County Auditor with governmental accounting experience was appointed by the District Judge. *(Implemented)*
- The County is in the process of converting to an updated financial system capable of generating required financial reports. *(In Progress)*
- Perform reconciliation of prior year audited balances to current year beginning balances.
- Investigate, document, and resolve all variances.
- Develop and implement a standardized month-end and year-end closing checklist.
- Require all journal entries to be recorded within the accounting system with proper documentation and approval.

Responsible Official: County Auditor

Finding 2024-002

Cash – Bank Reconciliations Do Not Agree to the General Ledger

Corrective Action Plan:

The County will implement formal procedures for the preparation, review, and reconciliation of all bank accounts to the general ledger.

Action Steps:

- County Treasurer to prepare monthly bank reconciliations for all accounts.
- Ensure reconciliations are properly tied to the general ledger.
- Document all reconciling items.
- County Auditor to review and approve reconciliations.
- Establish written policies and procedures governing the reconciliation process.

Responsible Officials: County Treasurer and County Auditor

Finding 2024-003**Misclassification of Payroll Fund****Corrective Action Plan:**

The County will review fund classifications to ensure compliance with applicable accounting standards and reclassify the payroll fund accordingly.

Action Steps:

- The County Auditor has assumed responsibility for preparation of the annual financial statements instead of the external auditor. *(Implemented)*
- Evaluate the classification of the payroll fund under applicable standards.
- Reclassify the fund to the appropriate governmental fund type.
- Implement a formal financial statement review process.
- Provide training to accounting staff on fund classification requirements.

Responsible Official: County Auditor

Finding 2024-004**Prior Period Adjustments – Grant Revenues and Expenditures****Corrective Action Plan:**

The County will strengthen procedures to ensure proper matching of grant revenues and expenditures within the appropriate reporting periods.

Action Steps:

- The County Auditor has assumed responsibility for preparation of the annual financial statements instead of the external auditor. *(Implemented)*
- Periodic reconciliations of grant revenues and expenditures have been implemented. *(Implemented)*
- The Auditor/Financial Officer no longer shares eGrants system access credentials. *(Implemented)*
- Auditor review of grant expenditures reported on Financial Status Reports (FSRs) prior to submission has been implemented. *(Implemented)*
- Enhance year-end review procedures.
- Implement monitoring controls over grant activity.
- Provide training on grant accounting and revenue recognition requirements.

Responsible Official: County Auditor

Responsible Party: Grant Administrator

II. FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding 2024-005 (Material Weakness)

Grant Ledger Did Not Reconcile to Financial Status Report (FSR)

Corrective Action Plan:

The County will establish and maintain a grant-specific ledger to ensure accurate tracking and reporting of grant activity.

Action Steps:

- Develop and maintain a grant ledger with unique identifiers for each grant.
- Reconciliation of the grant ledger to each FSR has been implemented. *(Implemented)*
- Document procedures for recording, verifying, and reporting grant activity.
- The Auditor/Financial Officer no longer shares eGrants access credentials. *(Implemented)*
- Auditor review of FSRs prior to submission has been implemented. *(Implemented)*
The County has implemented a requirement that only actual expenditures (no estimates or encumbrances) are reported. *(Implemented)*

Responsible Official: County Auditor

Responsible Party: Grant Administrator

Finding 2024-006

Timekeeping and Payroll Records Not Maintained in Accordance with Grant Requirements

Corrective Action Plan:

The County will implement standardized timekeeping procedures that comply with grant requirements.

Action Steps:

- The County has implemented an electronic timekeeping system (TimeClock Plus) for hourly employees. *(Implemented)*
- Employee and supervisor approval of all time records has been implemented. *(Implemented)*
- Ensure correct grant numbers are used consistently.
- Maintain periodic certifications as required.
- Provide training to employees and supervisors.

Responsible Officials: County Auditor and County Treasurer

Finding 2024-007

Unauthorized and/or Ineligible Personnel Costs

Corrective Action Plan:

The County will enhance controls over payroll and overtime charged to grant programs.

Action Steps:

- Reconciliation of timesheets, payroll records, and supporting documentation by the County Auditor each pay period has been implemented. *(Implemented)*

- Consistent pay rates across grant and non-grant activities have been implemented. *(Implemented)*
- The Sheriff's Office has implemented a policy requiring Daily Activity Reports (DARs) for grant-funded employees. *(Implemented)*
Review and approval of overtime eligibility and allocation has been implemented. *(Implemented)*

Responsible Officials: County Auditor, County Treasurer and Sheriff

Finding 2024-008

Unauthorized Non-Personnel Costs

Corrective Action Plan:

The County will develop and implement a formal cost allocation plan for non-personnel expenses.

Action Steps:

- Create and adopt a written cost allocation methodology.
- Ensure consistent treatment of expenses across vendors and transactions.
- Require documentation supporting all allocated costs.
- Review all charges to ensure allowability under grant requirements.
Annual contracts with professional service vendors have been implemented and approved by Commissioners' Court in accordance with applicable law. *(Implemented)*

Responsible Official: County Auditor

Responsible Party: Grant Administrator

Finding 2024-009

Incomplete Inventory Records

Corrective Action Plan:

The County will implement a comprehensive inventory management system and related policies.

Action Steps:

- Develop and adopt written inventory policies and procedures.
- Inventory records including all required elements have been implemented. *(Implemented)*
- Add all state-controlled assets to the inventory system.
- Conduct periodic physical inventory counts and reconciliations.

Responsible Official: County Auditor

III. CONCLUSION

Kinney County is committed to addressing the identified deficiencies and strengthening its internal control environment. Management will monitor the implementation of these corrective actions and ensure compliance with all applicable financial reporting and grant requirements.