



County of Eastland

EASTLAND COUNTY, TEXAS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

September 30, 2023

EASTLAND COUNTY, TEXAS

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September 30, 2023

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June 21, 2024

**The Honorable County Judge and Commissioners
Comprising the Commissioner's Court of
Eastland County, Texas**

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eastland County, Texas (the "County") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the 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 Eastland County, Texas as of September 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for preparing and presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal controls relevant to preparing and presenting financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by management and 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 time.

We must 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 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 on pages 4 through 10, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund on page 42, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Road and Bridge Fund on page 43, Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plan on page 44, Schedule of Contributions - Pension Plan on page 44, Schedule of Changes in Total OPEB Liability and Related Ratios - Other Postemployment Benefits - Group Term Life on page 46, and Schedule of Changes in Total OPEB Liability and Related Ratios - Other Postemployment Benefits - Health Care on page 47 be presented to supplement the basic financial statements. Although not a part of the basic financial statements, such information is required by the Governmental Accounting Standards Board, which considers it 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 sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted to form opinions on the financial statements comprising the County's basic financial statements. The combining and individual nonmajor and fiduciary fund financial statements (as listed in the table of contents) and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 other supplementary information and Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, concerning the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024 on our consideration of the Eastland County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Eastland County, Texas' internal control over financial reporting and compliance.

Condley and Company, L.L.P.

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION –
MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTLAND COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

Our discussion and analysis of the County's financial performance provide an overview of its financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the County's financial statements, which begin on page 11.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34.

Report Components

This annual report consists of five parts as follows:

Government-Wide Financial Statements

The statement of net position and the statement of activities (pages 11-12) provide information about the activities of the County government-wide (or "as a whole") and present a longer-term view of the County's finances.

Fund Financial Statements

Fund financial statements (pages 13-18) focus on the individual parts of the County government. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short term and what remains for future spending. Fiduciary funds are also reported to reflect agency and employee retirement fund changes.

Notes to the Financial Statements

The notes to the financial statements (pages 19-41) are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

Required Supplementary Information

Management's discussion and analysis (pages 4-10), budgetary comparison schedules (pages 42-43), pension schedules (pages 44-45), and OPEB schedules (pages 46-47) represent financial information required by accounting principles generally accepted in the United States of America to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Supplementary Information

This part of the annual report (pages 48-65) includes optional financial information such as combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column). Also included in this section are fiduciary fund statements, which provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. This supplementary information addresses certain specific needs of various users of the County's annual report.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the County is fiscally responsible.

The Government-Wide Statement of Net Position and the Statement of Activities

Our financial analysis of the County as a whole begins on page 11. The government-wide financial statements are presented on pages 11 through 12. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the County and its activities in a way that helps answer this question.

These two statements report the County's net position and changes in them. The statement of net position presents information on all of Eastland County's assets and liabilities, with the difference between the two being reported as net position. Deferred outflows and inflows of resources are also accounted for in this statement. Over time, increases or decreases in the County's net position indicate whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's sales tax base and the condition of the County's capital assets, to assess the overall health of the County. In the statement of activities, we present information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Reporting the County's Most Significant Funds

The Fund Financial Statements

The fund financial statements begin on page 13 and provide detailed information about the most significant funds of the County as a whole but do not portray the County as a whole. Some funds must be established by State law; however, the County establishes certain other funds to help it control and manage money for particular purposes or to show that it meets legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds - governmental and fiduciary - use different accounting approaches.

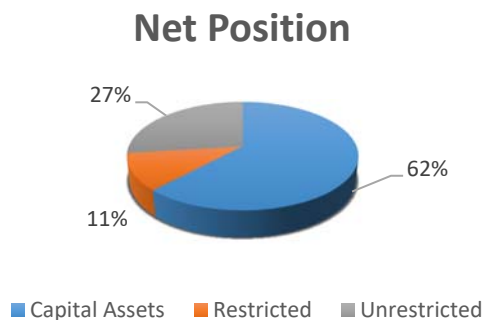
Governmental funds - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures, not as asset and debt balance changes. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations on pages 14 and 16. The County considers the general fund, the road and bridge fund, the grant fund, and the ARPA fund significant or major governmental funds. All other governmental funds are aggregated in a column entitled Other Nonmajor Governmental Funds.

Fiduciary funds - The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 17-18. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

Eastland County's combined net position was approximately \$11.6 million as of September 30, 2023. Approximately 58% of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. Restricted is approximately 11% of the County's net position and includes funds restricted for grants and road maintenance. The remaining balance of the unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.



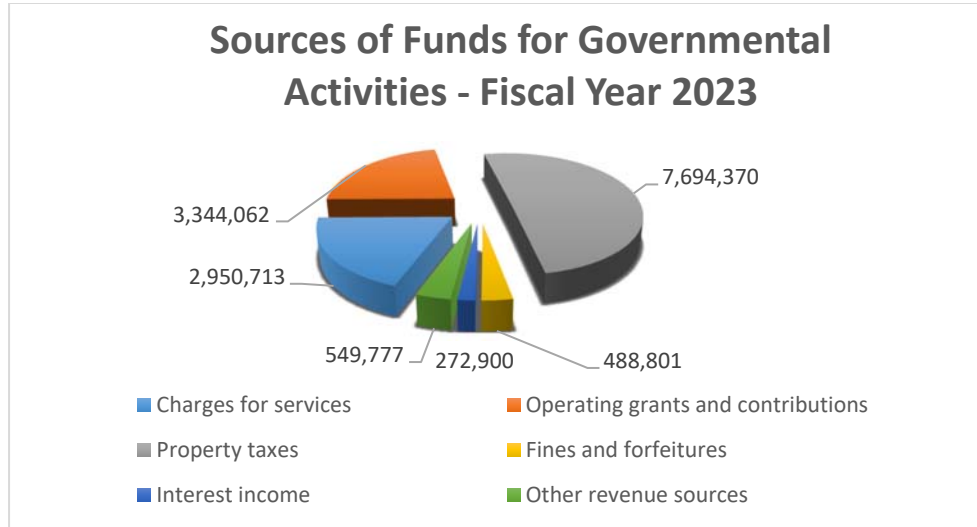
Eastland County's combined total assets amounted to \$15,510,749. This amount included current and other assets of \$8,101,447 and capital assets of \$7,409,302. Deferred outflows of resources totaled \$2,856,336 as of September 30, 2023 and relate to pension and OPEB plans. Total liabilities of the County as of September 30, 2023 (excluding deferred inflows) were \$5,223,758. The portion of liabilities classified as current was \$2,409,760, and long-term liabilities were \$2,813,998. Deferred inflows of resources totaled \$1,560,437 as of September 30, 2023, and relate to pension and OPEB plans. See **Table 1** for additional variances between September 30, 2023 and 2022.

Table 1	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 8,101,447	\$ 11,386,765
Capital assets	7,409,302	5,863,614
Total Assets	<u>\$ 15,510,749</u>	<u>\$ 17,250,379</u>
Deferred Outflows of Resources	<u>\$ 2,856,336</u>	<u>\$ 952,023</u>
Liabilities:		
Current liabilities	\$ 2,409,760	\$ 3,975,966
Noncurrent liabilities	2,813,998	867,874
Total Liabilities	<u>\$ 5,223,758</u>	<u>\$ 4,843,840</u>
Deferred Inflows of Resources	<u>\$ 1,560,437</u>	<u>\$ 2,441,601</u>
Net position:		
Invested in capital assets, net of related debt	\$ 6,699,826	\$ 5,402,008
Restricted	1,222,255	1,563,816
Unrestricted	3,660,809	3,951,137
Total Net Position	<u>\$ 11,582,890</u>	<u>\$ 10,916,961</u>

Total assets decreased primarily due to the change from the net pension asset to a net pension liability. Liabilities increased primarily due to the net pension liability.

Changes in Net Position

Eastland County's net position increased \$553,406 for the year ended September 30, 2023. Total revenues for the year ended September 30, 2023 were \$15,300,623. Approximately 50% of the County's revenue comes from property taxes. Charges for services increased by \$394,707, and fines and forfeitures, and other taxes decreased by \$13,185. Operating grants and contributions decreased \$148,048. Property taxes decreased by \$82,519, and miscellaneous revenue (including interest income) increased by \$227,613.



For the years ended September 30, 2023 and 2022, net position of the primary government changed as follows:

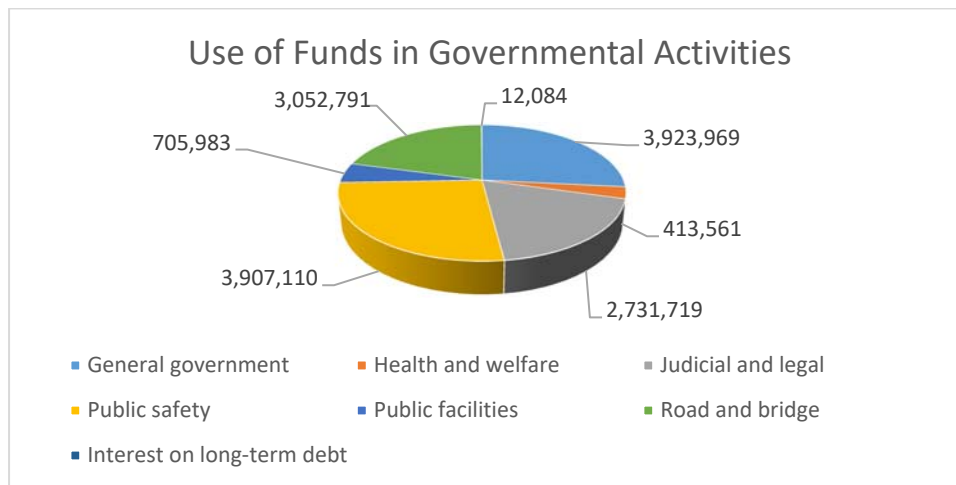
Table 2	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,950,713	\$ 2,556,006
Operating grants and contributions	3,344,062	3,492,110
General revenues:		
Property taxes	7,694,370	7,776,889
Fines and forfeitures and other taxes	488,801	501,986
Miscellaneous	549,777	528,479
Interest income	272,900	66,585
Total Revenues	<u>15,300,623</u>	<u>14,922,055</u>
Expenses:		
General government	3,923,969	4,262,894
Judicial and legal	2,731,719	2,358,624
Public safety	3,907,110	3,349,653
Public facilities	705,983	525,158
Road and bridge	3,052,791	2,312,232
Health and welfare	413,561	469,622
Interest on long-term debt	12,084	1,800
Total Expenses	<u>14,747,217</u>	<u>13,279,983</u>
Change in Net Position	553,406	1,642,072
Net Position – Beginning as originally stated	10,916,961	9,274,889
Prior Period Adjustment	112,523	-
Net Position – Beginning as restated	<u>11,029,484</u>	<u>9,274,889</u>
Net Position - Ending	<u>\$ 11,582,890</u>	<u>\$ 10,916,961</u>

Governmental Activities

To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a net (expense)/revenue. This type of format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

Expenditures increased overall by \$1,467,234 from the prior year, primarily due to an increase in expenditures related to infrastructure repair as a result of flood damage as well as other general infrastructure repairs and maintenance.

The County's governmental resources were used as follows during the year ended September 30, 2023:



Total expenses for governmental activities amounted to \$14,747,217 during the year ended September 30, 2023. Of these total expenses, taxpayers and other general revenues funded \$8,452,442 while those directly benefiting from the program funded \$3,344,062 from grants and other contributions, and \$2,950,713 was provided from charges for services for the year ended September 30, 2023.

A FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Fund Financial Highlights

- As of the end of the fiscal year, Eastland County's governmental funds reported a combined fund balance of \$5,670,184, a decrease of \$597,071 or 10% compared with the prior year.
- The General Fund is the chief operating fund of the County. At the end of the fiscal year, \$3,954,242 of the general fund's fund balance total of \$4,041,614 is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 44% of total general fund expenditures.
- The County's total expenses exceeded total revenues by \$597,071 for the year.

General Fund Budgetary Highlights

Over the course of the year, the County revised the general fund budget at various times. With these adjustments, actual expenditures (including transfers) were \$1,042,586 lower than the final budgeted amounts. The most significant positive variance from budgeted expenses resulted from fewer public safety expenditures than anticipated. The actual revenues were \$1,418,464 lower than expected.

Road and Bridge Fund Budgetary Highlights

Over the course of the year, the County revised the road and bridge fund budget at various times. With these adjustments, actual expenditures were \$58,770 lower than the final budgeted amounts. Actual revenues (including transfers and capital lease proceeds) were \$260,705 lower than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2023, the County had a net balance of \$7,409,302 in a broad range of capital assets including land, buildings, roads, bridges, and equipment. This amount represents a net increase (including additions, retirements, and adjustments) of \$1,545,688 or 26% over last year. See **NOTE 5** in the notes to the financial statements for additional details.

Primary Government Capital Assets - (Net of accumulated depreciation)

	<u>Governmental Activities 2023</u>
Land	\$ 356,510
Buildings and improvements	1,282,076
Infrastructure	602,613
Furniture and equipment	3,551,051
Right-of-use assets	<u>1,617,052</u>
Total	<u>\$ 7,409,302</u>

Right-of-Use Leases

At year end, the County had outstanding finance leases totaling \$277,789 that were obtained to finance the acquisition of various equipment. A note payable was also outstanding for various equipment totaling \$69,890. SBITA leases totaling \$361,797 that were obtained for various subscriptions. See **NOTE 6** in the notes to the financial statements for additional details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's budget is fairly consistent with this year's for the upcoming fiscal year ending September 30, 2024. Budgeted expenditures for the next fiscal year are approximately the same as they were for the 2022-2023 year. The County's fund balance is projected to remain consistent.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Eastland County's finances and demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's office at Eastland County, Texas, 100 W. Main Street, Suite 205, Eastland, Texas 76448.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EASTLAND COUNTY, TEXAS
STATEMENT OF NET POSITION

September 30, 2023

		<u>Governmental Activities</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$	5,269,829
Investments		1,886,084
Taxes receivable - net of allowance for uncollectible taxes of \$259,423		265,666
Due from other funds		248,002
Due from other governments		313,838
Prepaid expenses and other assets		118,028
Capital Assets:		
Land and improvements		356,510
Buildings and improvements		4,834,218
Infrastructure - roads and bridges		21,423,993
Furniture and equipment		10,171,906
Right-of-use assets - leases		601,287
Right-of-use assets - SBITA		1,440,024
Less accumulated depreciation		<u>(31,418,636)</u>
TOTAL ASSETS		<u>15,510,749</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions		2,830,773
Deferred outflows of resources related to OPEB - group term life		24,098
Deferred outflows of resources related to OPEB - health care		<u>1,465</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		<u>2,856,336</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable		1,020,956
Accrued wages		340,154
Accrued interest payable		4,904
Due to other funds		248,002
Due to other governments		10,147
Unearned revenue		529,929
Note payable - current		34,625
Right-of-use lease obligation - current		107,739
SBITA payable - current		113,304
Noncurrent Liabilities:		
Note payable - long-term		35,265
Right-of-use lease obligation - long-term		170,050
SBITA payable - long term		248,493
Net pension liability		1,921,777
Total OPEB liability - group term life		358,690
Total OPEB liability - health care		<u>79,723</u>
TOTAL LIABILITIES		<u>5,223,758</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pensions		1,438,243
Deferred inflows of resources related to OPEB - group term life		62,528
Deferred inflows of resources related to OPEB - health care		<u>59,666</u>
TOTAL DEFERRED INFLOWS OF RESOURCES		<u>1,560,437</u>
NET POSITION:		
Invested in capital assets, net of related debt		6,699,826
Restricted		1,222,255
Unrestricted		<u>3,660,809</u>
TOTAL NET POSITION	\$	<u>11,582,890</u>

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

EASTLAND COUNTY, TEXAS
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Function/Program Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government: Governmental Activities:				
General government	\$ 3,923,969	\$ 950,282	\$ 1,556,956	\$ (1,416,731)
Judicial and legal	2,731,719	660,628	542,245	(1,528,846)
Public safety	3,907,110	1,049,954	89,296	(2,767,860)
Public facilities	705,983	11,721	879,532	185,270
Road and bridge	3,052,791	237,310	276,033	(2,539,448)
Health and welfare	413,561	40,818		(372,743)
Interest on long-term debt	12,084			(12,084)
Total governmental activities	14,747,217	2,950,713	3,344,062	(8,452,442)
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				7,694,370
Fines and forfeitures				488,801
Insurance proceeds				9,020
Gain on sale of assets				248,170
Other revenue				292,587
Interest income				272,900
Total General Revenues and Transfers				9,005,848
Change in Net Position				553,406
Net position - Beginning(as originally stated)				10,916,961
Prior period adjustment (see Note 16)				112,523
Net position - Beginning(as restated)				11,029,484
Net position - Ending				\$ 11,582,890

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

FUND FINANCIAL STATEMENTS

EASTLAND COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2023

	General	Road and Bridge	Grants Fund	ARPA Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,745,673	\$ 308,209	\$ 35,966	\$ 566,482	\$ 1,613,499	\$ 5,269,829
Investments	1,886,084					1,886,084
Taxes receivable	531,331					531,331
Allowance for uncollectible taxes	(265,665)					(265,665)
Due from other funds	88,823	87,186		38,437	33,556	248,002
Due from other governments	71,894		240,077		1,867	313,838
Prepaid expenses and other assets	87,372	23,569			7,087	118,028
Total Assets	\$ 5,145,512	\$ 418,964	\$ 276,043	\$ 604,919	\$ 1,656,009	\$ 8,101,447
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 453,212	\$ 264,891	\$ 241,585	\$ 25,325	\$ 35,943	\$ 1,020,956
Accrued wages	223,033	32,909			84,212	340,154
Due to other funds	136,857		110,208		937	248,002
Due to other governments	8,721				1,426	10,147
Unearned revenue				529,929		529,929
Total Liabilities	821,823	297,800	351,793	555,254	122,518	2,149,188
 Deferred Inflows of Resources:						
Unavailable revenue - property taxes	282,075					282,075
Total Deferred Inflows of Resources	282,075	-	-	-	-	282,075
 Fund Balances:						
Non-spendable	87,372	23,569			7,087	118,028
Restricted			(75,750)	49,665	1,248,340	1,222,255
Assigned		97,595			278,064	375,659
Unassigned	3,954,242					3,954,242
Total Fund Balances	4,041,614	121,164	(75,750)	49,665	1,533,491	5,670,184
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,145,512	\$ 418,964	\$ 276,043	\$ 604,919	\$ 1,656,009	\$ 8,101,447

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

EASTLAND COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

September 30, 2023

Fund Balances - Total Governmental funds		\$	5,670,184
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
Net pension liability is not reported in the funds			(1,921,777)
<p>Capital assets used in governmental activities are not resources and therefore are not reported in the governmental funds.</p>			
Governmental capital assets	\$	38,827,938	
Less accumulated depreciation		<u>(31,418,636)</u>	7,409,302
Deferred outflows of resources related to pensions.			2,830,773
Deferred outflows of resources related to OPEB.			25,563
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>			
Accrued interest payable		(4,904)	
Governmental notes payable		(69,890)	
Governmental leases payable		(277,789)	
Governmental SBITA payable		(361,797)	
OPEB liabilities		<u>(438,413)</u>	(1,152,793)
<p>Property tax revenue considered unavailable for the governmental funds and recorded as a deferred inflow of resources in the governmental funds.</p>			
			282,075
Deferred inflows of resources related to pensions.			(1,438,243)
Deferred inflows of resources related to OPEB.			<u>(122,194)</u>
Net position of governmental activities		\$	<u><u>11,582,890</u></u>

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

EASTLAND COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General Fund	Road and Bridge	Grants Fund	ARPA Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 7,671,718	\$	\$	\$	\$	\$ 7,671,718
Grants and contributions	116,547	252,466	1,089,099	1,337,743	548,207	3,344,062
Charges for services	1,094,945	478,213			1,377,555	2,950,713
Fines and forfeitures	463,003				25,798	488,801
Interest income	172,803	18,744	(365)	36,236	45,482	272,900
Other revenue	132,486	370,273			37,998	540,757
Total Revenues	9,651,502	1,119,696	1,088,734	1,373,979	2,035,040	15,268,951
EXPENDITURES:						
Current:						
General government	3,603,002			1,337,743	2,820	4,943,565
Judicial and legal	1,508,718				1,088,030	2,596,748
Public safety	3,091,131		87,167		760,336	3,938,634
Public facilities	306,854				283,384	590,238
Road and bridge		2,493,415	918,839			3,412,254
Health and welfare	391,753				1,850	393,603
Total Expenditures	8,901,458	2,493,415	1,006,006	1,337,743	2,136,420	15,875,042
Excess (Deficit) Revenues Over (Under) Expenditures	750,044	(1,373,719)	82,728	36,236	(101,380)	(606,091)
OTHER FINANCING SOURCES (USES):						
Proceeds from insurance claim		9,020				9,020
Transfers in (out)	(1,158,702)	1,139,033	(158,038)		177,707	-
Total Sources (Uses):	(1,158,702)	1,148,053	(158,038)	-	177,707	9,020
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	(408,658)	(225,666)	(75,310)	36,236	76,327	(597,071)
Fund Balance, Beginning (as originally stated)	4,450,272	346,830	(112,963)	13,429	1,457,164	6,154,732
Prior period adjustment (see Note 16)			112,523			112,523
Fund Balance, Beginning (as restated)	4,450,272	346,830	(440)	13,429	1,457,164	6,267,255
Fund Balances, End of Year	\$ 4,041,614	\$ 121,164	\$ (75,750)	\$ 49,665	\$ 1,533,491	\$ 5,670,184

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

EASTLAND COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Net change in fund balances - total governmental funds	\$	(597,071)
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Amounts reported for governmental activities in the statement of activities are different because:

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net position.		2,646,425
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is decrease net position.		(1,101,729)
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The change in net pension and total OPEB liability and the related deferred outflows and inflows of resources reported in the governmental funds statement of activities do not require the use of current financial resources and, therefore are not reported as an expenditure in the governmental funds.		(804,962)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing gains and losses on the sale of fixed assets based on book value and the adjustment of other accrual accounts. The net effect of these reclassifications and recognitions is to increase net position.		<u>410,743</u>
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Change in net position of governmental activities	\$	<u><u>553,406</u></u>
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The accompanying notes are an integral part of the financial statements.

EASTLAND COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION

September 30, 2023

	<u>Employee Retirement Fund</u>	<u>Custodial Funds</u>
ASSETS:		
Cash and cash equivalents	\$	\$ 1,939,811
Certificates of deposit and savings		147,330
Due from others		28,633
Investments at fair value	<u>808,946</u>	<u> </u>
Total Assets	<u>808,946</u>	<u>2,115,774</u>
NET POSITION:		
Restricted for pensions	808,946	
Restricted for agencies	<u> </u>	<u>2,115,774</u>
Total Net Position	<u>\$ 808,946</u>	<u>\$ 2,115,774</u>

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

EASTLAND COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended September 30, 2023

	Employee Retirement Fund	Total Custodial Funds
ADDITIONS:		
Contributions		
Private	\$	\$ 9,449,542
Employee	49,448	
Investment income	99,149	4,851
Less: investment expenses	5,189	
Net Investment Income	93,960	4,851
Total Additions	143,408	9,454,393
DEDUCTIONS:		
Recipient payments		9,039,824
Benefits paid	7,149	
Net increase	136,259	414,569
Net position, Beginning of Year	672,687	1,701,205
Net Position, End of Year	\$ 808,946	\$ 2,115,774

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

NOTES TO FINANCIAL STATEMENTS

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1: REPORTING ENTITY

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

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the County is financially accountable. The County has also considered all other potential organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, 1) the ability of the County to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the County. Based on these criteria, there are no other organizations or agencies that should be included in these basic financial statements.

NOTE 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County. For the most part, the effect of Interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues. The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

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

Interfund activities between governmental funds appear as due to and due from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to and due from on the government-wide statement of activities.

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts constituting its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the total for all combined governmental and enterprise funds.

The funds of the financial reporting entity are described below:

General Fund

The general fund is the county's primary operating fund and is always classified as a major fund. It accounts for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County. The following special revenue funds are reported as major funds:

Road and Bridge Fund – The road and bridge fund accounts for the resources devoted to maintaining the County's roads and bridges.

Grants Fund—The Grants fund is established to account for resources related to specific grant funds other than ARPA funds.

ARPA Fund – The ARPA fund is established to account for the resources related to specific grant funds.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Non-spendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by the constitution, external resources providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Commissioners' Court (the County's highest level of decision-making authority).

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Assigned fund balance classification includes amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

Non-spendable Fund Balance

The County's non-spendable fund balance as of September 30, 2023 totaling \$118,028 relates to prepaid insurance.

Restricted Fund Balance

The County's restricted fund balance as of September 30, 2023, which relates to the use of external resources and resources created by enabling legislation for the legislation, is comprised of the following:

<u>Restriction</u>	<u>Amount</u>
Texas Department of Criminal Justice grants and contracts	\$ 181,404
District attorney forfeitures	234,801
Record and statistic preservation	238,546
Court technology	29,227
Law Library	81,413
Courthouse security	98,051
Jury fund	29,839
Record archival	227,218
ARPA	49,665
Other grants	(44,978)
Sheriff's commissary	39,023
Law enforcement officers' standards and education	25,320
Election service	10,657
Sherriff's seizure fund	2,641
Child abuse prevention	1,438
Truancy prevention	17,990
 Total Restricted Fund Balance	 \$ <u>1,222,255</u>

Assigned Fund Balance

The County's management has the authority to assign funds in accordance with various internal programs. The County's assigned fund balance as of September 30, 2023 is comprised of the following:

<u>Assignment</u>	<u>Amount</u>
Road maintenance	\$ 97,595
Cooperative dispatch	271,742
County farm	3,035
Historical Commission	3,287
 Total Assigned Fund Balance	 \$ <u>375,659</u>

Order of Fund Balance Spending Policy

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted, 2) Committed, 3) Assigned, and 4) Unassigned.

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Fiduciary Funds

The County reports the following fiduciary fund types:

Custodial Funds – Accounts for assets the County holds on behalf of others as their agent. They are custodial in nature (assets equal liabilities), and do not involve measurement or results of operations.

Employee Retirement Fund – Accounts for resources that must be held in trust for the members and beneficiaries of the deferred compensation plan.

Measurement Focus/Basis of Accounting

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

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

In applying the concept of susceptibility to accrual to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based on the expenditures recorded and the availability criteria. Conversely, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until received. Property rentals are recorded as revenue when received in cash in the category of use of money and property. Still, investment earnings are recorded as earned since they are measurable and available.

Budget

The County's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending September 30.

The County Auditor submits an annual budget to the County Commissioners in accordance with state law. In September, the County Commissioners adopted annual fiscal year budgets for specified County funds. Budgets for the general fund are adopted on a basis consistent with U.S. generally accepted accounting principles. The budget is properly amended throughout the year and is filed with the County Clerk.

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Budgeted amounts are as originally adopted or as amended during the fiscal year by the Commissioners' Court.

Cash and Cash Equivalents

Cash and cash equivalents reflected in the financial statements include petty cash, cash in banks, and state investment pools. Petty cash amounts are maintained in various County offices to collect payments made to the County.

To report cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Investments and Fair Value Measurement

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72), establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

GASB Statement No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 - Inputs to the valuation methodology are unobservable.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Property Tax Calendar

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year they were imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Capital Assets

In government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the statement of net position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The estimated historical cost was used to value the assets. Donated fixed assets are recorded at their estimated fair value at the date of donation. The County's infrastructure network is valued at historical cost.

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets.

The range of estimated useful lives by type of asset is as follows:

Asset Class	Estimated Useful Lives
Buildings	40
Building improvements	15
Vehicles	5
Equipment	5-10
Office equipment	5-7
Infrastructure	20-40

Leases

Leases are defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus any applicable periods covered by any renewal options that are reasonably certain to be exercised, or options to terminate that are not reasonably certain to be exercised. Contracts that transfer ownership of the underlying asset are recognized as financed purchases in the financial statements. Leases that have a maximum term of less than 12 months are considered short-term leases. Short-term lease payments are recognized in the period of payment.

As a lessee, the County recognizes a lease payable and an intangible right-of-use lease asset. At the commencement of a lease, the lease payable is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the County's incremental borrowing rate at lease inception. The right-of-use leased asset is initially recorded at the amount of the lease liability plus any prepayments less lease incentives received prior to lease commencement. The right-of-use leased asset is amortized on a straight-line basis over the term of the lease or the asset's useful life for leases where the County is reasonably certain that the bargain purchase option will be exercised.

Subscription Based IT Arrangements

Subscription based IT arrangements are defined as a contractual agreement that conveys control of right-of-use another entity's information technology software, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The County has entered into various subscription-based information technology arrangements. The related subscription liabilities are presented in amounts equal to the present value of subscription payments, payable during the remaining subscription term. Subscription liability and associated right-of-use subscription asset is recognized in the government-wide statement of net position.

Fund Financial Statements

In the fund financial statements, capital assets from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Long-Term Debt

In the government-wide statements, all long-term debt arising from cash-basis transactions to be repaid from governmental and business-type resources is reported as a liability.

Long-term debt arising from cash-basis transactions of governmental funds is not reported as a liability in the fund's financial statements. The debt proceeds are reported as other financing sources, and principal and interest payments are reported as expenditures.

The County recognizes a lease and/or a subscription-based information technology arrangement (SBITA) liability and a corresponding right-of-use asset at the commencement date of a lease/SBITA. The lease/SBITA liability is initially measured at the present value of the remaining payments not paid at the commencement date. If an implicit interest rate can readily be determined for a lease/SBITA contract, this rate is used to discount future payments. The County uses a zero coupon bond rate if this rate is unavailable.

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in two components:

Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental fund equity is classified as fund balance.

Recent Accounting Pronouncements

Adopted

GASB Statement No. 92

In January 2020, the GASB Issued *Statement No. 92, Omnibus 2020*. This statement aims to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues identified during the implementation and application of certain GASB Statements. The requirements related to Statement 87 and Implementation Guide 2020-3 are effective upon issuance. The other requirements of this statement are effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 96

In May 2021, the GASB issued *Statement No. 96, Subscription-Based Information Technology Arrangements*, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement's requirements are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Not Adopted

GASB Statement No. 100

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, which enhances accounting and financial reporting requirements and accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The County will fully analyze the impact of any new statements before the effective dates as listed above.

Use of Estimates

The County's preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through June 21, 2024, the date the financial statements were available to be issued.

NOTE 3: LEGAL COMPLIANCE - BUDGETS

The County's budgetary process requires that expending agencies of the County submit appropriation requests by mid-May each year. After review by the budget officer and department heads, the requests are combined and submitted to the Commissioners' Court. In August, the proposed budget is filed with the County Clerk for public inspection at least fifteen days before hearings, which are open to the public. A final budget must be adopted before October 1. At the fund level, actual expenditures cannot exceed budgeted appropriations.

NOTE 4: CASH AND INVESTMENTS

In addition to the \$250,000 insurance on accounts provided by Federal Deposit Insurance Corporation ("FDIC") regulations, securities in the amount of \$11,690,705 were pledged by the depository bank to secure all bank deposits and investments. The largest cash balance amounted to \$8,091,636 and occurred on March 29, 2023. The pledged securities plus FDIC coverage were sufficient to cover the largest cash balance for the County. Cash deposits at September 30, 2023, totaling \$5,269,829 (all funds), were in checking, money market or state investment pool accounts during the year which are allowable types of deposits.

For an indication of the level of risk assumed by the District, all cash deposits are categorized as Category 1, insured by FDIC, or collateralized with securities held by the County (or public trust) or by its agent in its name.

Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the general purpose financial statements, disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, the investment practices of the County were in accordance with local policies.

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

At year end, the County's investment balances were as follows:

	Fair Value	Weighted Average Maturity
Certificates of deposit	\$ 1,367,710	1 (89.8 days)
Money market account	518,374	
	\$ 1,886,084	

A summary of the County's investments under the requirements of the fair value hierarchy follows:

Description	Fair Value Measurements at Reporting Date Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Certificates of deposit	\$ 1,367,710	\$ -	\$ -	\$ 1,367,710
Money market account	518,374	-	-	518,374
Total	\$ 1,886,084	\$ -	\$ -	\$ 1,886,084

Interest rates on the certificates of deposit range from 2.8% - 4.0%.

Investment Policy

The County has adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools" ("Statement"). Those provisions require that certain investments be reported at fair value rather than at cost or amortized cost and that changes in the fair value of investments be recognized as investment revenue. The Statement further provides that the County can continue to report certain investments at cost or amortized cost but must disclose its policy in that regard.

In accordance with the Statement, the County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report non-participating interest-earning investment contracts using the cost-based measure. However, suppose the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors. In that case, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists that guarantees a higher value. The term "short-term" refers to investments with a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts. The cost basis was equivalent to the fair value of the investments at year end.

Public Funds Investments Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its share.

The County's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio unless the Pool is 2a7-like, in which case they are reported at share value.

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A 2a7-like pool is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

Investment Risks

GASB Statement No. 40 requires determining whether the County was exposed to the following specific investment risks at year end and, if so, reporting certain related disclosures.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Securities rated by nationally recognized rating agencies are designed to indicate credit risk. As of September 30, 2023, the County was not exposed to credit risk.

Custodial credit risk relates to deposits that are exposed to the risk that they are not covered by depository insurance. The deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. As of September 30, 2023, the County was not exposed to custodial credit risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of September 30, 2023, the County was not exposed to concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of September 30, 2023, the County was not exposed to interest rate risk.

Foreign currency risk is the risk that exchange rates will adversely affect the fair value of an investment. As of September 30, 2023, the County was not exposed to foreign currency risk.

NOTE 5: CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Non-depreciable assets:				
Land and improvements	\$ 303,678	\$ 52,832	\$ -	\$ 356,510
Depreciable assets:				
Buildings and improvements	4,756,542	77,676		4,834,218
Infrastructure – roads and bridges	21,198,688	225,305		21,423,993
Furniture and equipment	9,585,887	1,018,170	(432,151)	10,171,906
Right-of-use assets – leases	601,877		(590)	601,287
Right-of-use assets – SBITA		1,440,024		1,440,024
Total at historical cost	<u>36,446,672</u>	<u>2,814,007</u>	<u>(432,741)</u>	<u>38,827,938</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,438,741)	(113,402)		(3,552,143)
Infrastructure – roads and bridges	(20,749,089)	(72,291)		(20,821,380)
Furniture and equipment	(6,256,866)	(796,139)	432,151	(6,620,854)
Right-of-use assets – leases	(138,362)	(119,898)	590	(257,670)
Right-of-use assets – SBITA		(166,589)		(166,589)
Total accumulated depreciation	<u>(30,583,058)</u>	<u>(1,268,319)</u>	<u>432,741</u>	<u>(31,418,636)</u>
Governmental activity capital assets, net	<u>\$ 5,863,614</u>	<u>\$ 1,545,689</u>	<u>\$ -</u>	<u>\$ 7,409,302</u>

EASTLAND COUNTY, TEXAS
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Depreciation expense was charged to functions as follows:

General government	\$ 373,814
Judicial and legal	3,300
Public safety	16,920
Public facilities	137,562
Road and bridge	<u>736,723</u>
	<u>\$ 1,268,319</u>

NOTE 6: LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended September 30, 2023, are as follows:

	October 1, 2022	Increases	Decreases	September 30, 2023	Amount Due Within One Year
Notes payable	\$ 83,810	\$ -	\$ (13,920)	\$ 69,890	\$ 34,625
Finance leases	377,796	14,249	(114,256)	277,789	107,739
SBITA	485,748	-	(123,951)	361,797	113,304
Net pension liability	-	1,921,777	-	1,921,777	-
Total OPEB liability	<u>546,956</u>	<u>-</u>	<u>(108,543)</u>	<u>438,413</u>	<u>-</u>
Total	<u>\$ 1,494,310</u>	<u>\$ 1,936,026</u>	<u>\$ (360,670)</u>	<u>\$ 3,069,666</u>	<u>\$ 255,668</u>

Interest expense on long-term obligations during the year ended September 30, 2023 totaled \$11,347.

As of September 30, 2023, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Notes payable:

A note payable obtained for the purchase of equipment, payable in annual installments of \$28,977 including interest at 1.85%, secured by equipment, final payment due December 2025.	\$ 69,890
Total notes payable	<u>\$ 69,890</u>

Maturities of the note payable obligations are as follows:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2024	\$ 34,625	\$ 1,293	\$ 35,918
2025	<u>35,265</u>	<u>652</u>	<u>35,917</u>
	<u>\$ 69,890</u>	<u>\$ 1,945</u>	<u>\$ 71,835</u>

EASTLAND COUNTY, TEXAS
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Finance leases payable:

A lease obtained for the purchase of equipment, payable in annual installments of \$26,090 including interest at 2.99%, secured by equipment, final payment due March 2025.	\$	50,624
A lease obtained for the purchase of equipment, payable in annual installments of \$24,957 including interest at 2.99%, secured by equipment, final payment due March 2025.		48,424
A lease obtained for the purchase of equipment, payable in annual installments of \$29,071 including interest at 2.50%, secured by equipment, final payment due December 2026.		83,024
A lease obtained for a phone system, payable in monthly installments of \$1,918 including interest of 0.03%, secured by equipment, final payment due May 15, 2026.		61,352
The County has multiple copier leases, payable in monthly installments ranging from \$81 to \$235 including interest ranging from 0.12% to 2.58%, secured by equipment, final payments due between October 13, 2022 and January 30, 2028.		34,365
Total finance leases payable	\$	277,789

The following is a schedule of future minimum lease payments for lease liabilities:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2024	\$ 107,739	\$ 5,347	\$ 115,754
2025	109,884	3,025	112,909
2026	50,196	787	50,983
2027	5,536	25	5,561
2028	4,434	2	1,768
	\$ 277,789	\$ 9,186	\$ 286,975

There were no payments for residual value guarantees or termination penalties during the reporting period.

Right-of-use lease assets relate to office and heavy equipment with a cost basis of \$601,287 and accumulated amortization of \$257,670.

Subscription-Based Information Technology Arrangements Payable

The County entered into an arrangement with Tyler Technologies for \$107,243 dated May 12, 2023 for financial software, payable in annual principal and interest payments of \$21,822 due on the May 12th, with interest rate of 6.99%, final payment due May 12, 2025. \$ 39,336

The County entered into an arrangement with Tyler Technologies for \$41,171 dated May 20, 2023 for HR software, payable in annual principal and interest payments of \$9,951 due on May 20th, with interest rate of 14.00%, final payment due May 20, 2025. 16,191

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The County entered into an arrangement with Tyler Technologies for \$848,084 dated June 26, 2023 for software, payable in annual principal and interest payments of \$75,2042 due on June 26th, with interest rate of 0%, final payment due June 26, 2025. 139,180

The County entered into an arrangement with Intellichoice, Inc. DBA EFORCE for \$443,526 dated August 15, 2022 for software, payable in annual principal and interest payments due on August 15th, with interest rate of 0%, final payment due August 15, 2031. 167,090

Total SBITA payable \$ 361,797

The following is a schedule of future minimum lease payments for the SBITA lease liabilities:

Year Ending December 31,	Principal	Interest	Total Requirement
2024	\$ 113,304	\$ 17,176	\$ 130,480
2025	119,943	10,537	130,480
2026	20,043	3,422	23,465
2027	20,576	2,888	23,464
2028+	<u>87,931</u>	<u>5,929</u>	<u>93,860</u>
	<u>\$ 361,797</u>	<u>\$ 39,952</u>	<u>\$ 401,749</u>

There were no payments for termination penalties during the reporting period.

Right-of-use assets relate to subscription assets with a cost basis of \$1,440,024 and accumulated amortization of \$166,589.

The following is a schedule of maturities of finance leases, notes payable and SBITA by year and in aggregate:

Year Ending September 30,	
2024	\$ 255,668
2025	265,092
2026	70,239
2027	26,112
2028+	<u>92,365</u>
	<u>\$ 709,476</u>

NOTE 7: FEDERAL/STATE SOURCE REVENUES

The majority of the federal grant funds received are for the U.S. Department of the Treasury related to coronavirus relief and community development block grants from the U.S. Department of Housing and Urban Development. State grant funds received and recorded in the general fund are primarily for tobacco grants, salary supplements, and additional law enforcement personnel. These grant funds have been awarded and accounted for by the County.

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NOTE 8: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 9, 10, and 11 below for a description of deferred outflows of resources related to pension plans and other post-employment benefits as of September 30, 2023.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. See Notes 9, 10 and 11 below for a description of deferred inflows of resources related to pension plans as of September 30, 2023.

NOTE 9: PENSION PLANS

Pension Plan Description

The County provides pension, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administering the statewide agent multiple-employer public employee retirement system serving participating counties and districts throughout Texas. TCDRS, in the aggregate, issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-2034, or by calling (800) 823-7782. TCDRS's ACFR is also available online at www.tcdrs.org.

The plan provisions are adopted by the County's governing body within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members have the flexibility and local control to adjust benefits annually and pay for these benefits based on their needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The plan assets are pooled for investment purposes, but each employer's plan assets may be used only to pay benefits to the members of that employer's plan. In accordance with Texas law, the pension plan is intended to be construed and administered so that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

Benefits Provided

At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit. Employees receive a month of service for each month that they deposit into their account. Members can retire at ages 60 and above with eight or more years of service or with 20 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their contributions in a lump sum are not entitled to any amounts contributed by their employer. Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options.

EASTLAND COUNTY, TEXAS
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As of the most recent measurement date, which was December 31, 2022, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	103
Inactive employees entitled to but not yet receiving benefits	111
Active employees	119
Total participants	333

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the employee members' covered payroll. Under the TCDRS Act, the employer's contribution rate is actuarially determined annually. The County contributed using the actuarially determined rate of 13.44% from October 2022 through December 2022 and 13.56% from January 2023 through September 2023. The contribution rate payable by the employee members is 7% as adopted by the County's governing body. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The annual pension cost for the TCDRS plan for its employees was \$666,571 and the actual contributions were \$666,571 for the year ended September 30, 2023.

Net Pension Liability

The net pension liability (NPL) is the difference between the total pension liability (TPL) and the plan's fiduciary net position. The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The fiduciary net position is determined on the same basis the pension plans use. The County's NPL was measured as of December 31, 2022, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Total pension liability	\$ 23,916,874
Fiduciary net position	21,995,097
Net pension liability	\$ 1,921,777

Actuarial Assumptions

The demographic assumptions used in the December 31, 2022 valuation were developed from an actuarial experience investigation of TCDRS from 2017-2020. They were recommended by Millman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting, and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2021. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

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

Inflation	2.50%	
Overall payroll growth	3.00%	
Investment rate of return	7.60%	This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB Statement No. 68

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Salary increases were based on a service-related table. Regarding mortality rates, for depositing members - 135% of the Pub-2010 General Employee Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employee Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010; for service retirees, beneficiaries, and non-depositing members – 135% of the PUB-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010; for disabled retirees – 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy regarding the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The valuation assumption for the long-term expected return is reassessed at least every four years and is set based on a long-term time horizon. The most recent analysis was performed in March 2021.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (expected minus inflation)
US equities	11.50%	4.95%
Private equity	25.00%	7.95%
Global equities	2.50%	4.95%
International equities - developed	5.00%	4.95%
International equities - emerging	6.00%	4.95%
Investment-grade bonds	3.00%	2.40%
Strategic credit	9.00%	3.39%
Direct lending	16.00%	6.95%
Distressed debt	4.00%	4.60%
REIT equities	2.00%	4.15%
Master limited partnerships	2.00%	5.30%
Private real estate partnerships	6.00%	5.70%
Hedge funds	6.00%	2.90%
Cash equivalents	2.00%	0.20%

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions would be made at the rates specified in the statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EASTLAND COUNTY, TEXAS
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Schedule of Changes in the Net Pension Liability

Changes in the County's net pension liability presented below is calculated on the same basis as the plan.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of December 31, 2021	\$ 22,381,358	\$ 23,519,235	\$ (1,137,877)
Changes for the year:			
Service cost	617,440	-	617,440
Interest on total pension liability	1,698,003	-	1,698,003
Effect of plan changes	523,638	-	523,638
Effect of economic / demographic gains or losses	34,237	-	34,237
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(53,960)	(53,960)	-
Benefit payments	(1,283,842)	(1,283,842)	-
Administrative expenses	-	(12,890)	12,890
Member contributions	-	330,733	(330,733)
Net investment income	-	(1,366,439)	1,366,439
Employer contributions	-	863,007	(863,007)
Other	-	(747)	747
Balances as of December 31, 2022	\$ 23,916,874	\$ 21,995,097	\$ 1,921,777

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County calculated using the discount rate of 7.60% as well as what the County net pension liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease (6.60%)	Current Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 26,772,958	\$ 23,916,874	\$ 21,501,517
Fiduciary net position	21,995,097	21,995,097	21,995,097
Net pension liability (asset)	\$ 4,777,861	\$ 1,921,777	\$ (493,580)

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

For the year ended September 30, 2023, the County recognized a total pension income of \$2,175,941.

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As of September 30, 2023, the County reported on the statement of net position deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (310)	\$ 18,507
Difference between projected and actual investment earnings	(1,408,910)	2,041,970
Changes in assumptions and other Inputs	(29,023)	-
Contributions made subsequent to measurement date	-	770,296
Total	\$ (1,438,243)	\$ 2,830,773

Deferred outflows of resources related to contributions after the measurement date of \$770,296 were recognized as a decrease in the net pension liability for the year ended September 30, 2023. Remaining net deferred outflows (inflows) of resources related to pensions totaling \$622,234 will be recognized in pension expense (income) for the years ending September 30, 2024, 2025, 2026, and 2027 in the amounts of (\$77,066), \$52,229, \$489,671, and \$157,400 respectively.

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS – GROUP TERM LIFE

Plan Description

The County also participates in a statewide, multiple-employer defined benefit group term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is called the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a post-employment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000. The GTLF does not meet the requirements to be defined as a trust under GASB 75.

Contributions

The County determines rates based on an actuarially determined rate. The County's average contribution rate was 7.59% of covered payroll as of the measurement date of December 31, 2022. Employees are not required to contribute to the plan.

Employees covered by benefit terms

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

Inactive employees currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	28
Active employees	111
Total participants	225

Membership counts for inactive employees receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for GTL benefits.

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Actuarial Assumptions

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

Inflation	Does not apply
Salary increases	Does not apply
Discount rate	3.72%, which represents the assumed return, net of all investment and administrative expenses

Actuarial assumptions used in the December 31, 2022, valuation were based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2017, through December 31, 2020, and was first used in the December 31, 2020 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2017 through 2020 and dated December 31, 2020. Assumptions are reviewed annually. No additional changes were made for the 2022 valuation.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.06%. The discount rate was based on the Fidelity Index's "20-Year Bond GO Index" rate as of December 31, 2021. Due to the GTL being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of December 31, 2021	\$ 456,503
Changes for the year:	
Service cost	16,065
Interest on total OPEB liability	9,580
Effect of economic/demographic Experience	2,410
Changes in assumptions	(110,749)
Benefit payments	(15,119)
Balances as of December 31, 2022	\$ 358,690

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County's calculated using the discount rate of 3.72% as well as what the County's total OPEB liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease (2.72%)	Current Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 419,952	\$ 358,690	\$ 310,217

EASTLAND COUNTY, TEXAS
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OPEB Expense

Contributions subsequent to measurement date	\$	15,361
Change in OPEB liability		<u>(15,328)</u>
Total OPEB expense	\$	<u><u>33</u></u>

Deferred (Inflows)/Outflows of Resources

For the year ended September 30, 2023, the County recognized OPEB expense of \$142,505. The County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred (Inflows) of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (924)	\$ 5,256
Changes in assumptions and other inputs	(61,604)	3,481
Contributions made subsequent to measurement date	<u>-</u>	<u>15,361</u>
Total	<u>\$ (62,528)</u>	<u>\$ 24,098</u>

Deferred outflows of resources related to contributions after measurement date of \$15,361 were recognized as a reduction of the total OPEB liability for the year ended September 30, 2023. Remaining net deferred outflows (inflows) of resources related to OPEB totaling \$53,791 will be recognized in OPEB expense for the years ending September 30, 2024, 2025, and 2026 in the amounts of (\$20,865), (\$26,155), and (\$6,771), respectively.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the OGTLF. This report may be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at www.tcdrs.org.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS – HEALTH CARE

Plan Description

The County provides certain health care benefits through a single employer-defined benefit OPEB plan. Permanent full-time employees who retire under TCDRS eligibility rules are eligible to participate in the county's health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 20 years of service or at age 60 with eight years of service, 20 years without regard to age, or when the retiree's age plus years of service equals 75. Spouses and dependents of retirees are also eligible. As of the latest actuarial valuation date, the County has 94 active employees and two retirees participating in the plan.

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

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Employees covered by benefit terms

At the September 30, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Retired employees currently receiving benefits	2
Active employees	94
Total participants	96

Actuarial Assumptions

The total OPEB Liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	Does not apply
Salary increases	3.50%
Discount rate	4.87% (2.37% real rate of return plus 2.50% inflation)

Actuarial assumptions used in the September 30, 2023 valuation were based on the results of actuarial experience studies. The experience study was for the period October 1, 2017 through September 30, 2020. Healthy post-retirement mortality and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2015 through 2019 and dated September 30, 2020. Assumptions are reviewed annually. No additional changes were made to the 2023 valuation.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.87%. The discount rate was based on the Fidelity Index's "20-Year Bond GO Index" rate as of December 31, 2022.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of September 30, 2022	\$ 90,223
Changes for the year:	
Service cost	7,693
Interest on total OPEB liability	4,671
Effect of demographic/economic experience	(22,089)
Changes in assumptions	(775)
Balances as of September 30, 2023	\$ 79,723

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County calculated using the discount rate of 3.50% as well as what the County's total OPEB liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease (3.77%)	Current Rate (4.77%)	1% Increase (5.77%)
Total OPEB liability	\$ 72,399	\$ 79,723	\$ 87,822

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Deferred (Inflows)/Outflows of Resources

For the year ended September 30, 2023, the County recognized OPEB expense of \$19,282. The County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ (33,101)	\$ -
Changes in assumptions and other Inputs	(26,565)	1,465
Total	\$ (59,666)	\$ 1,465

Due to the measurement date being the same as fiscal year-end, no deferred outflows of resources related to contributions after the measurement date of will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Remaining net deferred outflows (inflows) of resources related to OPEB totaling (\$58,201) will be recognized in OPEB income for the years ending December 31, 2024, 2025, 2026, 2027, and 2028 in the amounts of (\$16,331), (\$16,429), (\$10,936), (\$10,406), (\$4,099), respectively.

NOTE 12: RISK MANAGEMENT AND UNCERTAINTIES

The County's risks of significant losses from auto and property damage and general, law enforcement, and public official liability are covered by participation in the Texas Association of Counties (TAC) Risk Management Pool. Coverage with TAC is handled like commercial insurance by both parties. There have been no significant reductions in insurance coverage for the current year.

NOTE 13: INTERFUND TRANSACTIONS

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

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other governmental funds	General fund	\$ 33,556
General fund	Other governmental funds	937
General fund	Grants fund	87,886
Road and bridge fund	Grants fund	20,186
Road and bridge fund	General fund	67,000
ARPA	General fund	38,437
		\$ 248,002

The above balances reflect temporary cash advances.

EASTLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Transfers:

Transfers indicate funding for capital projects, lease payments or debt service, subsidies of various County operations, and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General fund	Road and bridge fund	\$ 1,118,846
General fund	Courthouse security fund	177,592
General fund	Jury fund	6,050
Grants fund	General fund	137,851
Grants fund	Road and bridge fund	20,187
Cooperative dispatch	General fund	5,935
		<u>\$ 1,466,461</u>

NOTE 14: TAX ABATEMENTS

Eastland County negotiates property tax abatement agreements with local businesses on an individual basis. All agreements are negotiated under state law (Chapter 312 of the Texas Tax Code, "Property Redevelopment and Tax Abatement Act"), which allows the County to abate property taxes to any business located inside or outside Eastland County to promote the development/redevelopment of certain contiguous geographic areas within its jurisdiction. Eastland County may grant abatements of up to 100 percent of annual property tax values.

As of September 30, 2023, Eastland County had no tax abatement agreements.

NOTE 15: DEFICIT FUND EQUITY

The grants fund ended with a deficit balance of (\$75,750) as of September 30, 2023. Transfers from the general fund are available to eliminate the fund deficit balance.

NOTE 16: PRIOR PERIOD ADJUSTMENT

A prior period adjustment totaling \$112,523 was recorded to reflect revenues not previously reported by the County properly.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTLAND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive or (Negative)
	Original	Final		
Budgetary fund balances, October 1	\$ 4,450,272	\$ 4,450,272	\$ 4,450,272	\$ -
RESOURCES (INFLOWS):				
Taxes	7,117,445	7,117,445	7,671,718	554,273
Grants and contributions	75,551	115,082	116,547	1,465
Charges for services	938,706	984,707	1,094,945	110,238
Fines and forfeitures	488,175	488,175	463,003	(25,172)
Interest income	19,000	19,000	172,803	153,803
Other revenue	2,231,892	2,345,558	132,486	(2,213,072)
† Amounts available for appropriation	10,870,769	11,069,967	9,651,502	(1,418,465)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government	3,633,548	3,714,751	3,603,002	111,749
Judicial and legal	1,591,875	1,647,511	1,508,718	138,793
Public safety	3,415,217	3,526,830	3,091,131	435,699
Public facilities	385,446	388,218	306,854	81,364
Health and welfare	447,125	474,932	391,753	83,179
Transfers out	1,387,063	1,350,504	1,158,702	191,802
Total charges to appropriations	10,860,274	11,102,746	10,060,160	1,042,586
Budgetary fund balances, September 30	\$ 4,460,767	\$ 4,417,493	\$ 4,041,614	\$ (375,879)

Notes to Budgetary Comparison Schedule - General Fund

Note 1: Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental fund in the basic financial statements. Revenues are recognized as soon as they are both measurable and available and expenditures are recorded when a liability is incurred, as under accrual accounting.

EASTLAND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Budgetary fund balances, October 1	\$ 346,830	\$ 346,830	\$ 346,830	\$ -
RESOURCES (INFLOWS):				
Grants and contributions	252,553	252,553	252,466	(87)
Charges for services	437,500	437,500	478,213	40,713
Interest income	1,500	1,500	18,744	17,244
Other revenue	527,104	687,618	370,273	(317,345)
Insurance claim			9,020	9,020
Transfers in	1,149,283	1,149,283	1,139,033	(10,250)
Amounts available for appropriation	2,367,940	2,528,454	2,267,749	(260,705)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Road and bridge	2,365,249	2,552,185	2,493,415	58,770
Total charges to appropriations	2,365,249	2,552,185	2,493,415	58,770
Budgetary fund balances, September 30	\$ 349,521	\$ 323,099	\$ 121,164	\$ (201,935)

Notes to Budgetary Comparison Schedule - Road and Bridge Fund

Note 1: Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental fund in the basic financial statements. Revenues are recognized as soon as they are both measurable and available and expenditures are recorded when a liability is incurred, as under accrual accounting.

EASTLAND COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - PENSION PLAN

For the Last Ten Fiscal Years *

	Measurement Date 12/31/2022	Measurement Date 12/31/2021	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017	Measurement Date 12/31/2016	Measurement Date 12/31/2015	Measurement Date 12/31/2014
Total Pension Liability:									
Service cost	\$ 617,440	\$ 559,245	\$ 595,239	\$ 554,354	\$ 552,613	\$ 588,474	\$ 625,600	\$ 535,292	\$ 500,363
Interest on total pension liability	1,698,003	1,641,244	1,582,307	1,487,420	1,409,777	1,313,760	1,218,092	1,151,817	1,078,571
Effect of plan changes	523,638							(84,266)	99,948
Effect of assumption or plan changes	-	(130,073)	1,146,525			106,821		183,804	
Effect of economic / demographic (gains) or losses	34,238	(1,389)	39,010	151,803	(14,710)	109,445	(131,768)	(143,620)	(3,198)
Benefit payments / refunds of contributions	(1,337,803)	(1,421,443)	(1,115,734)	(1,012,313)	(970,222)	(827,063)	(798,692)	(841,055)	(737,646)
Net change in total pension liability	1,535,516	647,584	2,247,347	1,181,264	977,458	1,291,437	913,232	801,972	938,038
Total pension liability, beginning	22,381,358	21,733,774	19,486,427	18,305,163	17,327,705	16,036,268	15,123,036	14,321,064	13,383,025
Total pension liability, ending (a)	23,916,874	22,381,358	21,733,774	19,486,427	18,305,163	17,327,705	16,036,268	15,123,036	14,321,063
Fiduciary Net Position:									
Employer contributions	863,007	642,015	635,467	567,905	660,397	520,330	534,119	491,868	458,481
Member contributions	330,733	307,465	307,486	307,290	297,919	288,780	283,179	289,578	266,558
Investment income net of investment expenses	(1,366,439)	4,279,896	1,865,098	2,568,811	(297,509)	2,036,608	961,424	(44,609)	828,598
Benefit payments / refunds of contributions	(1,337,803)	(1,421,443)	(1,115,734)	(1,012,313)	(970,222)	(827,063)	(798,692)	(841,055)	(737,646)
Administrative expenses	(12,890)	(12,724)	(14,438)	(13,760)	(12,563)	(10,615)	(10,456)	(9,378)	(9,755)
Other	(746)	(7,939)	(3,323)	(2,179)	1,248	(341)	(18,372)	48,570	(5,233)
Net change in fiduciary net position	(1,524,138)	3,787,270	1,674,556	2,415,754	(320,730)	2,007,699	951,202	(65,026)	801,003
Fiduciary net position, beginning	23,519,235	19,731,965	18,057,409	15,641,655	15,962,385	13,954,686	13,003,484	13,068,510	12,267,507
Fiduciary net position, ending (b)	21,995,097	23,519,235	19,731,965	18,057,409	15,641,655	15,962,385	13,954,686	13,003,484	13,068,510
Net pension liability, ending ((a) - (b))	\$ 1,921,777	\$ (1,137,877)	\$ 2,001,809	\$ 1,429,018	\$ 2,663,508	\$ 1,365,320	\$ 2,081,582	\$ 2,119,552	\$ 1,252,553
Fiduciary net position as a % of total pension liability	91.96%	105.08%	90.79%	92.67%	85.45%	92.12%	87.02%	85.98%	91.25%
Pensionable covered payroll	\$ 4,724,751	\$ 4,392,351	\$ 4,392,658	\$ 4,389,851	\$ 4,255,983	\$ 4,125,429	\$ 4,045,420	\$ 4,136,826	\$ 3,807,966
Net pension liability as a % of covered payroll	40.67%	-25.91%	45.57%	32.55%	62.58%	33.10%	51.46%	51.24%	32.89%

* A full 10-year schedule will be displayed as it becomes available

EASTLAND COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS - PENSION PLAN

For the Last Ten Fiscal Years

Period Ending December 31, (Measurement Date)	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	458,481	458,481	\$ -	\$ 3,807,966	12.04%
2015	491,868	491,868	-	4,136,826	11.89%
2016	468,055	534,119	(66,064)	4,045,420	13.20%
2017	460,398	520,330	(59,932)	4,125,429	12.61%
2018	495,397	660,397	(165,000)	4,255,983	15.52%
2019	507,905	567,905	(60,000)	4,389,851	12.94%
2020	535,467	635,467	(100,000)	4,392,658	14.47%
2021	520,933	642,015	(121,082)	4,392,351	14.62%
2022	635,007	863,007	(228,000)	4,724,751	18.27%
2023	666,571	666,571	-	4,926,133	13.53%

Notes to Schedule of Contributions:

Valuation date: 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.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Straight-line amortization over expected working life
Remaining Amortization Period	16.2 years
Asset Valuation Method	5 year smoothed value
Inflation	2.50%
Salary Increases	4.7% including inflation
Investment Rate of Return	7.50%
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Plan Provisions Reflected in the Schedule *	Effective with the 2015 calendar year, employer contributions reflect that a 2% flat COLA was adopted Effective with the 2017 calendar year, new annuity purchase rates were reflected for benefits earned after 2017.

* Only changes effective 2015 and later are shown in the Notes to Schedule

EASTLAND COUNTY, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
OTHER POSTEMPLOYMENT BENEFITS - GROUP TERM LIFE

For the Last Ten Fiscal Years *

	Measurement Date <u>12/31/2022</u>	Measurement Date <u>12/31/2021</u>	Measurement Date <u>12/31/2020</u>	Measurement Date <u>12/31/2019</u>	Measurement Date <u>12/31/2018</u>	Measurement Date <u>12/31/2017</u>
Total OPEB Liability:						
Service cost	\$ 16,065	\$ 14,480	\$ 14,737	\$ 9,762	\$ 11,119	\$ 12,455
Interest on total OPEB liability	9,580	9,287	10,531	12,210	10,928	10,972
Effect of assumption changes or inputs	(110,749)	8,011	43,592	71,257	(30,727)	1,951
Effect of economic/demographic (gains) or losses	2,410	6,899	(3,696)	(657)	111	11,754
Benefit payments/refunds of contributions	<u>(15,119)</u>	<u>(11,420)</u>	<u>(10,982)</u>	<u>(10,975)</u>	<u>(8,938)</u>	<u>(7,838)</u>
Net change in total OPEB liability	<u>(97,813)</u>	<u>27,257</u>	<u>54,182</u>	<u>81,597</u>	<u>(17,507)</u>	<u>29,294</u>
Total OPEB liability, beginning	<u>456,503</u>	<u>429,246</u>	<u>375,064</u>	<u>293,467</u>	<u>310,974</u>	<u>281,680</u>
Total OPEB liability, ending	<u>\$ 358,690</u>	<u>\$ 456,503</u>	<u>\$ 429,246</u>	<u>\$ 375,064</u>	<u>\$ 293,467</u>	<u>\$ 310,974</u>
Covered payroll	\$ 4,724,751	\$ 4,392,351	\$ 4,392,658	\$ 4,389,851	\$ 4,255,983	\$ 4,125,429
Total OPEB liability as a % of covered payroll	7.59%	10.39%	9.77%	8.54%	6.90%	7.54%

* A full 10-year schedule will be displayed as it becomes available

EASTLAND COUNTY, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
OTHER POSTEMPLOYMENT BENEFITS - HEALTH CARE

For the Last Ten Fiscal Years *

	Measurement Date <u>9/30/2023</u>	Measurement Date <u>9/30/2022</u>	Measurement Date <u>9/30/2021</u>	Measurement Date <u>9/30/2020</u>	Measurement Date <u>9/30/2019</u>	Measurement Date <u>9/30/2018</u>
Total OPEB Liability:						
Service cost	\$ 7,693	\$ 10,888	\$ 10,002	\$ 10,676	\$ 8,511	\$ 8,179
Interest on total OPEB liability	4,671	2,906	2,638	3,699	4,811	4,554
Differences between expected and actual experience	(22,089)	(15,791)	(2,258)	(7,489)	(6,283)	
Changes in assumptions	(775)	(25,490)	65	(28,000)	13,921	
Benefit payments/refunds of contributions					(5,116)	(8,382)
Net change in total OPEB liability	<u>(10,500)</u>	<u>(27,487)</u>	<u>10,447</u>	<u>(21,114)</u>	<u>15,844</u>	<u>4,351</u>
Total OPEB liability, beginning	<u>90,223</u>	<u>117,710</u>	<u>107,263</u>	<u>128,377</u>	<u>112,533</u>	<u>108,182</u>
Total OPEB liability, ending	<u>\$ 79,723</u>	<u>\$ 90,223</u>	<u>\$ 117,710</u>	<u>\$ 107,263</u>	<u>\$ 128,377</u>	<u>\$ 112,533</u>
Covered payroll	\$ 3,869,447	\$ 3,553,095	\$ 3,389,882	\$ 3,685,954	\$ 3,483,554	\$ 3,983,828
Total OPEB liability as a % of covered payroll	2.06%	2.54%	3.47%	2.91%	3.69%	2.82%

* A full 10-year schedule will be displayed as it becomes available

SUPPLEMENTARY INFORMATION – COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

EASTLAND COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Adult Probation	Cooperative Dispatch	Constable LEOSE	County Clerk Record Archival	County Clerk Records Management	County Farm	Courthouse Security	D.A. E.C.C.C.	D.A. Forfeiture	D.A. LEOSE	D.A. State Allocation
ASSETS											
Cash and cash equivalents	\$ 141,875	\$ 312,551	\$ 19,501	\$ 210,601	\$ 152,187	\$ 3,035	\$ 113,220	\$ 14,711	\$ 215,884	\$ 3,093	\$ 6,485
Other assets	1,789	4,406							6		882
Due from other funds		737		6,265	6,612		3,779		1,371		2,628
Due from other governments							79				
Total Assets	\$ 143,664	\$ 317,694	\$ 19,501	\$ 216,866	\$ 158,799	\$ 3,035	\$ 117,078	\$ 14,711	\$ 217,261	\$ 3,093	\$ 9,995
LIABILITIES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$ 7,515	\$	\$	\$	\$ 979	\$	\$ 10,738	\$	\$ 6,273	\$	\$
Accrued wages	17,072	41,546					8,289				5
Due to other funds	937										
Due to other governments											
Total Liabilities	25,524	41,546	-	-	979	-	19,027	-	6,273	-	5
Fund Balances:											
Non-spendable	1,789	4,406							6		882
Restricted	116,351		19,501	216,866	157,820		98,051	14,711	210,982	3,093	9,108
Assigned		271,742				3,035					
Total Fund Balance	118,140	276,148	19,501	216,866	157,820	3,035	98,051	14,711	210,988	3,093	9,990
Total Liabilities and Fund Balance	\$ 143,664	\$ 317,694	\$ 19,501	\$ 216,866	\$ 158,799	\$ 3,035	\$ 117,078	\$ 14,711	\$ 217,261	\$ 3,093	\$ 9,995

EASTLAND COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

September 30, 2023

	Dist. Clerk Records Management & Preservation	Election Service	Justice Court Technology	Juvenile Probation	Law Library	Records Management and Preservation	Sheriff's LEOSE	Sheriff's Commissary	Historical Commission	Vital Statistics Preservation	Judicial Education & Support Fund	Jury Fund
ASSETS												
Cash and cash equivalents	\$ 27,647	\$ 10,657	\$ 19,749	\$ 87,844	\$ 79,805	\$ 39,121	\$ 2,726	\$ 40,449	\$ 3,287	\$ 4,045	\$	\$ 30,105
Other assets			4									
Due from other funds	2,001		1,322		2,743	12				135	70	804
Due from other governments			80	1,708								
Total Assets	\$ 29,648	\$ 10,657	\$ 21,155	\$ 89,552	\$ 82,548	\$ 39,133	\$ 2,726	\$ 40,449	\$ 3,287	\$ 4,180	\$ 70	\$ 30,909
LIABILITIES AND FUND BALANCE												
Liabilities:												
Accounts payable	\$	\$	\$ 1,034	\$ 7,199	\$ 1,135	\$	\$	\$	\$	\$	\$	\$ 1,070
Accrued wages				17,300								
Due to other funds												
Due to other governments								1,426				
Total Liabilities	-	-	1,034	24,499	1,135	-	-	1,426	-	-	-	1,070
Fund Balances:												
Non-spendable			4									
Restricted	29,648	10,657	20,117	65,053	81,413	39,133	2,726	39,023	3,287	4,180	70	29,839
Assigned												
Total Fund Balance	29,648	10,657	20,121	65,053	81,413	39,133	2,726	39,023	3,287	4,180	70	29,839
Total Liabilities and Fund Balance	\$ 29,648	\$ 10,657	\$ 21,155	\$ 89,552	\$ 82,548	\$ 39,133	\$ 2,726	\$ 40,449	\$ 3,287	\$ 4,180	\$ 70	\$ 30,909

EASTLAND COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

September 30, 2023

	Dist. Court Records Preservation	Court Technology	District Clerk Record Archival	Sheriff's Seizure Fund	Child Abuse Prevention Fund	Truancy Prevention Fund	Court Facility Fee Fund	Language Access Fund	Justice Court Support Fund	Court Reporter Fund	Court Initiated Guardianship Fund	Total Nonmajor Governmental Funds
ASSETS												
Cash and cash equivalents	\$ 7,763	\$ 9,103	\$ 10,347	\$ 2,641	\$ 1,438	\$ 16,895	\$ 10,698	\$ 1,650	\$ 90	\$ 14,296	\$	\$ 1,613,499
Other assets												7,087
Due from other funds	2	7	5			1,095	1,183	235		2,340	210	33,556
Due from other governments												1,867
Total Assets	\$ 7,765	\$ 9,110	\$ 10,352	\$ 2,641	\$ 1,438	\$ 17,990	\$ 11,881	\$ 1,885	\$ 90	\$ 16,636	\$ 210	\$ 1,656,009
LIABILITIES AND FUND BALANCE												
Liabilities:												
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 35,943
Accrued wages												84,212
Due to other funds												937
Due to other governments												1,426
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-	122,518
Fund Balances:												
Non-spendable												7,087
Restricted	7,765	9,110	10,352	2,641	1,438	17,990	11,881	1,885	90	16,636	210	1,248,340
Assigned												278,064
Total Fund Balance	7,765	9,110	10,352	2,641	1,438	17,990	11,881	1,885	90	16,636	210	1,533,491
Total Liabilities and Fund Balance	\$ 7,765	\$ 9,110	\$ 10,352	\$ 2,641	\$ 1,438	\$ 17,990	\$ 11,881	\$ 1,885	\$ 90	\$ 16,636	\$ 210	\$ 1,656,009

EASTLAND COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	Adult Probation	Cooperative Dispatch	Constable LEOSE	County Clerk Record Archival	County Clerk Records Management	County Farm	Courthouse Security	D.A. E.C.C.C.	D.A. Forfeiture	D.A. LEOSE	D.A. State Allocation
REVENUES:											
Grants and contributions	\$ 204,714	\$	\$	\$	\$	\$	\$ 30,000	\$	\$	\$ 565	\$ 36,666
Charges for services	302,158	802,174		40,739	42,437		19,474	464			
Fines and forfeitures			459	5,581	3,899	61	4,079	350	24,743		97
Interest income	5,088	8,889							5,327		
Other revenue	13,960	1,628	1,130			2,049					
Total Revenues	525,920	812,691	1,589	46,320	46,336	2,110	53,553	814	30,070	565	36,763
EXPENDITURES:											
Current:											
General government											
Judicial and legal	578,889				56,655			4,220	40,619	384	27,500
Public safety		642,960	50								
Public facilities				45,372			238,012				
Health and welfare						1,850					
Total Expenditures	578,889	642,960	50	45,372	56,655	1,850	238,012	4,220	40,619	384	27,500
Excess (Deficit) Revenues Over	(52,969)	169,731	1,539	948	(10,319)	260	(184,459)	(3,406)	(10,549)	181	9,263
OTHER FINANCING SOURCES (USES):											
Transfers in (out)		(5,935)					177,592				
Excess (Deficit) Revenues and Other Financing Sources (Uses) Over Expenditures and Financing Uses	(52,969)	163,796	1,539	948	(10,319)	260	(6,867)	(3,406)	(10,549)	181	9,263
Fund Balance, Beginning	171,109	112,352	17,962	215,918	168,139	2,775	104,918	18,117	221,537	2,912	727
Fund Balance, End of Year	\$ 118,140	\$ 276,148	\$ 19,501	\$ 216,866	\$ 157,820	\$ 3,035	\$ 98,051	\$ 14,711	\$ 210,988	\$ 3,093	\$ 9,990

EASTLAND COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended September 30, 2023

	Dist. Clerk Records Management & Preservation	Election Service	Justice Court Technology	Juvenile Probation	Law Library	Records Management and Preservation	Sheriff's LEOSE	Sheriff's Commissary	Historical Commission	Vital Statistics Preservation	Judicial Education & Support Fund	Jury Fund
REVENUES:												
Grants and contributions	\$	\$	\$	\$ 274,698	\$	\$	\$ 1,064	\$	\$	\$	\$	\$
Charges for services	6,813		4,503		13,211	6,952		110,916		1,172	70	
Fines and forfeitures				1,055								
Interest income	611	270	502	3,601	1,949	948		1,232		107		660
Other revenue												18,589
Total Revenues	7,424	270	5,005	279,354	15,160	7,900	1,064	112,148	-	1,279	70	19,249
EXPENDITURES:												
Current:												
General government										2,820		
Judicial and legal			20,421	305,211	11,856	9,963						17,892
Public safety							1,200	115,626				
Public facilities												
Health and welfare												
Total Expenditures	-	-	20,421	305,211	11,856	9,963	1,200	115,626	-	2,820	-	17,892
Excess (Deficit) Revenues Over Expenditures	7,424	270	(15,416)	(25,857)	3,304	(2,063)	(136)	(3,478)	-	(1,541)	70	1,357
OTHER FINANCING SOURCES:												
Transfers in (out)												6,050
Excess (Deficit) Revenues and Other Financing Sources (Uses) Over Expenditures and Financing Uses	7,424	270	(15,416)	(25,857)	3,304	(2,063)	(136)	(3,478)	-	(1,541)	70	7,407
Fund Balance, Beginning	22,224	10,387	35,537	90,910	78,109	41,196	2,862	42,501	3,287	5,721	-	22,432
Fund Balance, End of Year	\$ 29,648	\$ 10,657	\$ 20,121	\$ 65,053	\$ 81,413	\$ 39,133	\$ 2,726	\$ 39,023	\$ 3,287	\$ 4,180	\$ 70	\$ 29,839

EASTLAND COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended September 30, 2023

	Dist. Court Records Preservation	Court Technology	District Clerk Record Archival	Sheriff's Seizure Fund	Child Abuse Prevention Fund	Truancy Prevention Fund	Court Facility Fee Fund	Language Access Fund	Justice Court Support Fund	Court Reporter Fund	Court Initiated Guardianship Fund	Total Nonmajor Governmental Funds
REVENUES:												
Grants and contributions	\$	\$	\$	\$ 500	\$	\$	\$	\$	\$	\$	\$	\$ 548,207
Charges for services	2,372	914	292			4,919	6,688	1,105	90	9,882	210	1,377,555
Fines and forfeitures				63	28	457	215	33		281		25,798
Interest income	196	255	244		642							45,482
Other revenue												37,998
Total Revenues	2,568	1,169	536	563	670	5,376	6,903	1,138	90	10,163	210	2,035,040
EXPENDITURES:												
Current:												
General government												2,820
Judicial and legal		9,594				4,826						1,088,030
Public safety				500								760,336
Public facilities												283,384
Health and welfare												1,850
Total Expenditures	-	9,594	-	500	-	4,826	-	-	-	-	-	2,136,420
Excess (Deficit) Revenues Over Expenditures	2,568	(8,425)	536	63	670	550	6,903	1,138	90	10,163	210	(101,380)
OTHER FINANCING SOURCES:												
Transfers in (out)												177,707
Excess (Deficit) Revenues and Other Financing Sources (Uses) Over Expenditures and Financing Uses	2,568	(8,425)	536	63	670	550	6,903	1,138	90	10,163	210	76,327
Fund Balance, Beginning	5,197	17,535	9,816	2,578	768	17,440	4,978	747		6,473		1,457,164
Fund Balance, End of Year	\$ 7,765	\$ 9,110	\$ 10,352	\$ 2,641	\$ 1,438	\$ 17,990	\$ 11,881	\$ 1,885	\$ 90	\$ 16,636	\$ 210	\$ 1,533,491

SUPPLEMENTARY INFORMATION – COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS

EASTLAND COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
CUSTODIAL FUNDS

September 30, 2023

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Unclaimed Property Fund</u>	<u>Fees Clearing Account</u>	<u>District Clerk Court Fund</u>	<u>Sheriff's Fund</u>	<u>District Registry Fund</u>	<u>District Clerk Trustee Funds</u>
ASSETS:								
Cash and cash equivalents	\$ 16,214	\$ 251,850	\$ 17,178	\$ 58,325	\$ 210,808	\$ 58,001	\$ 965,237	\$
Certificates of deposit and savings								122,959
Due from others	<u>4,094</u>			<u>24,539</u>				
Total Assets	<u>20,308</u>	<u>251,850</u>	<u>17,178</u>	<u>82,864</u>	<u>210,808</u>	<u>58,001</u>	<u>965,237</u>	<u>122,959</u>
NET POSITION:								
Restricted for agencies	<u>\$ 20,308</u>	<u>\$ 251,850</u>	<u>\$ 17,178</u>	<u>\$ 82,864</u>	<u>\$ 210,808</u>	<u>\$ 58,001</u>	<u>\$ 965,237</u>	<u>\$ 122,959</u>

EASTLAND COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
CUSTODIAL FUNDS (CONTINUED)

September 30, 2023

	District Attorney Trustee Seizure Fund	Sheriff's Inmate Fund	Tax Collector VIT Account	Tax Collector Auto Fund	Justice of the Peace #1	Justice of the Peace #2	Adult Supervision and Correction Fund	Child Welfare Board	Total Custodial Funds
ASSETS:									
Cash and cash equivalents	\$	\$ 35,873	\$ 84	\$ 259,731	\$ 34,161	\$ 14,474	\$	\$ 17,875	\$ 1,939,811
Certificates of deposit and savings	24,371								147,330
Due from others									28,633
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>24,371</u>	<u>35,873</u>	<u>84</u>	<u>259,731</u>	<u>34,161</u>	<u>14,474</u>	<u>-</u>	<u>17,875</u>	<u>2,115,774</u>
NET POSITION:									
Restricted for agencies	<u>\$ 24,371</u>	<u>\$ 35,873</u>	<u>\$ 84</u>	<u>\$ 259,731</u>	<u>\$ 34,161</u>	<u>\$ 14,474</u>	<u>\$ -</u>	<u>\$ 17,875</u>	<u>\$ 2,115,774</u>

EASTLAND COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
CUSTODIAL FUNDS

September 30, 2023

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Unclaimed Property Fund</u>	<u>Fees Clearing Account</u>	<u>District Clerk Court Fund</u>	<u>Sheriff's Fund</u>	<u>District Registry Fund</u>	<u>District Clerk Trustee Funds</u>
ADDITIONS:								
Private contributions	\$ 23,537	\$ 258,308	\$ 664	\$ 217,139	\$ 101,167	\$ 267,500	\$ 36,697	\$ 35,532
Interest income				1,396				792
Total Additions	<u>23,537</u>	<u>258,308</u>	<u>664</u>	<u>218,535</u>	<u>101,167</u>	<u>267,500</u>	<u>36,697</u>	<u>36,324</u>
DEDUCTIONS								
Administrative expenses								
Recipient payments	<u>19,143</u>	<u>14,958</u>		<u>234,863</u>	<u>57,486</u>	<u>209,500</u>	<u>15,485</u>	<u>7,302</u>
Total Deductions	<u>19,143</u>	<u>14,958</u>	<u>-</u>	<u>234,863</u>	<u>57,486</u>	<u>209,500</u>	<u>15,485</u>	<u>7,302</u>
Net increase (decrease) in fiduciary net position	4,394	243,350	664	(16,328)	43,681	58,000	21,212	29,022
Net position, beginning	<u>15,914</u>	<u>8,500</u>	<u>16,514</u>	<u>99,192</u>	<u>167,127</u>	<u>1</u>	<u>944,025</u>	<u>93,937</u>
Net position, ending	<u>\$ 20,308</u>	<u>\$ 251,850</u>	<u>\$ 17,178</u>	<u>\$ 82,864</u>	<u>\$ 210,808</u>	<u>\$ 58,001</u>	<u>\$ 965,237</u>	<u>\$ 122,959</u>

EASTLAND COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
CUSTODIAL FUNDS (CONTINUED)

September 30, 2023

	District Attorney Trustee Seizure Fund	Sheriff's Inmate Fund	Tax Collector VIT Account	Tax Collector Auto Fund	Justice of the Peace #1	Justice of the Peace #2	Adult Supervision and Correction Fund	Child Welfare Board	Total Custodial Funds
ADDITIONS:									
Private contributions	\$ 39,310	\$ 211,140	\$ 84	\$ 7,210,971	\$ 126,078	\$ 84,432	\$ 818,609	\$ 18,374	\$ 9,449,542
Interest income					401	177	1,577	508	4,851
Total Additions	<u>39,310</u>	<u>211,140</u>	<u>84</u>	<u>7,210,971</u>	<u>126,479</u>	<u>84,609</u>	<u>820,186</u>	<u>18,882</u>	<u>9,454,393</u>
DEDUCTIONS									
Administrative expenses									-
Recipient payments	63,490	201,656	14	7,163,021	102,855	76,382	852,692	20,977	9,039,824
Total Deductions	<u>63,490</u>	<u>201,656</u>	<u>14</u>	<u>7,163,021</u>	<u>102,855</u>	<u>76,382</u>	<u>852,692</u>	<u>20,977</u>	<u>9,039,824</u>
Net increase (decrease) in fiduciary net position	(24,180)	9,484	70	47,950	23,624	8,227	(32,506)	(2,095)	414,569
Net position, beginning	<u>48,551</u>	<u>26,389</u>	<u>14</u>	<u>211,781</u>	<u>10,537</u>	<u>6,247</u>	<u>32,506</u>	<u>19,970</u>	<u>1,701,205</u>
Net position, ending	<u>\$ 24,371</u>	<u>\$ 35,873</u>	<u>\$ 84</u>	<u>\$ 259,731</u>	<u>\$ 34,161</u>	<u>\$ 14,474</u>	<u>\$ -</u>	<u>\$ 17,875</u>	<u>\$ 2,115,774</u>

INTERNAL CONTROL SECTION

June 21, 2024

**The Honorable County Judge and Commissioners
Comprising the Commissioners' Court of
Eastland County, Texas**

Independent Auditor's Report

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*

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 Eastland County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Eastland County, Texas' basic financial statements, and have issued our report thereon dated June 21, 2024.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Condley and Company, L.L.P.

Certified Public Accountants

June 21, 2024

**The Honorable County Judge and Commissioners
Comprising the Commissioners' Court of
Eastland County, Texas**

Independent Auditor's Report

Report on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Opinion on Each Major Federal Program

We have audited Eastland County, Texas's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high-level assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material

noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 requirements of each major federal program as a whole.

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

- Exercise reasonable judgment and maintain professional skepticism throughout the audit.
- Identify 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 procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit 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, but not to express an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We must 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.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above. It 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that we have not identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Condly and Company, L.L.P.

Certified Public Accountants

EASTLAND COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

A. Summary of Auditors' Results

1. Financial Statements

Type of auditor's report issued? Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? ___ Yes ___X No

One or more significant deficiencies identified that are not considered material weaknesses? ___ Yes ___X None Reported

Noncompliance material to financial statements noted? ___ Yes ___X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? ___ Yes ___X No

One or more significant deficiencies identified that are not considered material weaknesses? ___ Yes ___X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ Yes ___X No

Identification of major programs:

Assistance Listing Number 21.027 Name of Federal Program or Cluster Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ___X Yes ___ No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

EASTLAND COUNTY, TEXAS

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2023

None noted.

EASTLAND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2023

Federal/State Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
<u>EXPENDITURES OF FEDERAL AWARDS</u>			
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Texas Department of Public Safety Division of Emergency Management</i>			
FEMA-H223-HMA-TX	97.039	DR-4223-022	\$ 66,570
PA-PA-4586	97.039	FEMA-4586	<u>3,380</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>69,950</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through General Land Office (GLO)</i>			
Community Development Block Grant	14.228	22-082-001-D196	<u>848,889</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>848,889</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Rural Housing Service</i>			
Community Facilities Loans and Grants Cluster	10.766		<u>87,167</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>87,167</u>
U.S. DEPARTMENT OF THE TREASURY			
Coronavirus State and Local Fiscal Recovery Funds	21.027	028420891	<u>1,337,743</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>1,337,743</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,343,749</u>

EASTLAND COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2023

Basis of Presentation

The accompanying schedule of expenditures for federal awards includes the federal award activity of Eastland County under federal government programs for the year that ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Eastland County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Eastland County.

1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain expenditures are not allowed or are limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

2. Indirect Cost Rate

The 10% de minimis cost rate, as permitted in the UG, Section 200.414, is used.