

KINNEY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

KINNEY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
for the Year Ended September 30, 2023

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

County Commissioners
Kinney County, Texas
P.O. Box 1219
Brackettville, Tx 78832

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kinney 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 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 Kinney 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 the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kinney County, Texas'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 generally accepted 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Kinney County, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kinney County, Texas's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of the County's Contributions for Pensions, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kinney County, Texas's basic financial statements. The accompanying combining and individual fund Information, other supplementary information, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of State Awards requires by the State of Texas Single Audit Circular are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund information, other supplementary information schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

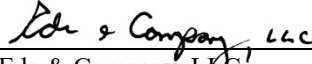
Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report

thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2024, on our consideration of the Kinney County, Texas’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kinney County, Texas’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kinney County, Texas’s internal control over financial reporting and compliance.


Ede & Company, LLC
Certified Public Accountants
Uvalde, Texas

July 19, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The County’s total combined Governmental Fund net position was \$12,558,682 on September 30, 2023.
- During the year, the County’s expenses were \$2,665,349 less than the \$12,831,133 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$3,414,126.

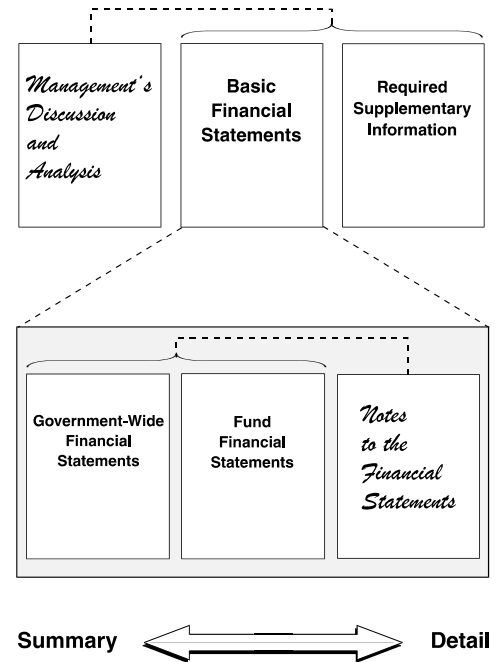
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements 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.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the County’s Annual Financial Report



Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County’s net position and how they have changed. Net position, the difference between the County’s assets and liabilities is one way to measure the County’s financial health or *position*.

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

Both of these Government-Wide Financial Statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. These activities are financed primarily by property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds—not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. Kinney County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes. The County has two kinds of funds: governmental and fiduciary.

- **Governmental funds** – Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The County maintains individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund and Road and Bridge Fund, the Jail Detention Facility and Operation Lone Star, which are considered to be major funds. Individual fund data for non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, County, and Road & Bridge Fund. Budgetary comparison schedules, as listed in the table of contents, have been provided to demonstrate compliance with this budget.

- **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 the County's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position, as listed in the table of contents. 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

Kinney County's combined net position was approximately \$12.58 million at September 30, 2023. By far the largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related long-term liabilities.

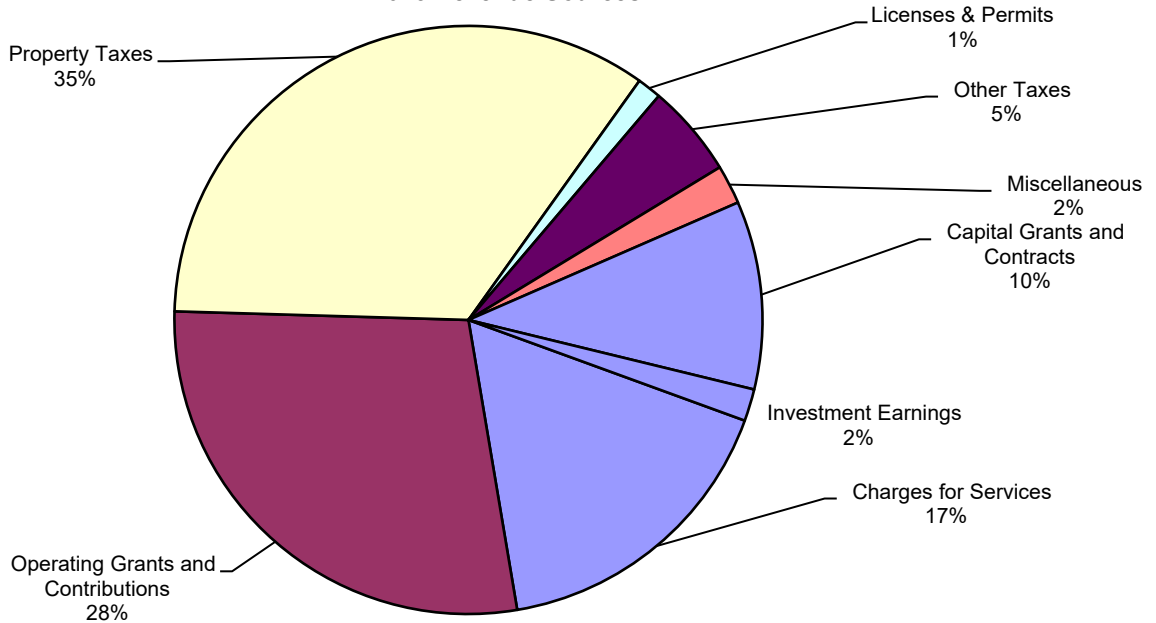
**Kinney County, Texas
Net Position**

	Governmental Activities		
	2023	2022	% Change 2023-2022
Current & Other Assets	\$6,725,835	\$ 7,448,314	-9.7%
Capital Assets	5,753,196	4,525,987	27.1%
Total Assets	<u>12,479,031</u>	<u>11,974,301</u>	<u>4.2%</u>
Deferred Outflows of Resources			
Deferred Outflow - Pensions	456,127	376,040	21.3%
Total Deferred Outflows of Resources	<u>456,127</u>	<u>376,040</u>	<u>21.3%</u>
Current Liabilities	170,430	826,661	-79.4%
Long Term Liabilities	85,926	104,019	-17.4%
Total Liabilities	<u>256,356</u>	<u>930,680</u>	<u>-72.5%</u>
Deferred intflows of Resources			
Deferred Intflow - Pensions	90,120	1,427,324	-93.7%
Total Deferred Intflows of Resources	<u>90,120</u>	<u>1,427,324</u>	<u>-93.7%</u>
Net Position			
Invested in Capital Assets, net of related debt	5,651,078	5,134,974	10.1%
Restricted	2,339,233	2,029,180	15.3%
Non Spendable	31,168	22,832	36.5%
Committed	360,350	360,350	0.0%
Unassigned	4,206,853	2,445,001	72.1%
Total net position	<u><u>12,588,682</u></u>	<u><u>9,992,337</u></u>	<u><u>26.0%</u></u>

A portion of the County's net position \$2,339.23 thousand, represents resources that are subject to external restriction on how they may be used. The remaining balance (\$4,206.85) thousand of unrestricted net position may be used to meet the County's ongoing obligation to citizens and creditors in accordance with the County's fund designation and fiscal policies. The overall financial condition of the county increases from FY2022 to FY2023.

Governmental Activities – Total revenues for the fiscal year ended September 30, 2023 were 12.81 million. Approximately 35% of the County's revenue comes from property taxes. The graph below shows the sources of revenues for FY2023. Table A-2 shows the changes in Net Position between FY2023 and FY2022.

2023 Revenue Sources



2023 Expenses

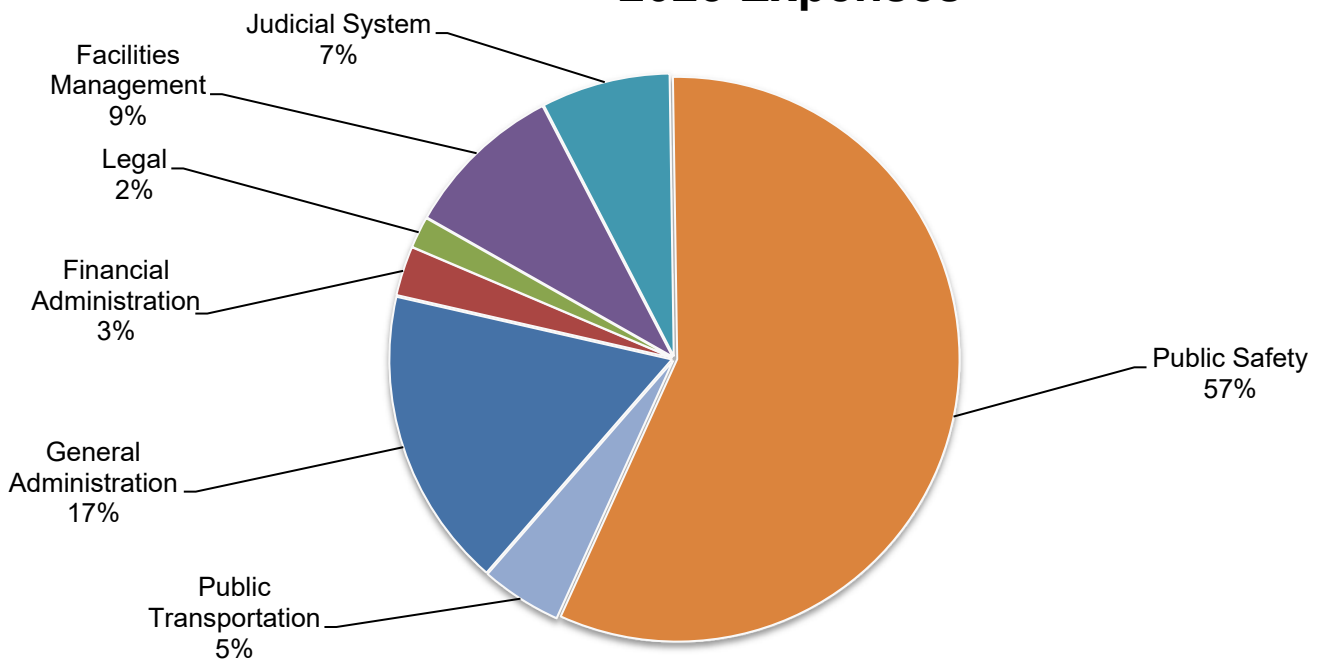


Table A-2
KINNEY COUNTY TX
CHANGE IN NET POSITION

	Governmental Activities		
	2023	2022	% Change 2023-2022
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,151,507	\$ 2,020,164	6.5%
Operating Grants	3,603,845	3,098,848	16.3%
Capital Grants	1,325,038	1,732,209	0.0%
General Revenue			
Property Taxes	4,408,947	3,707,396	18.9%
Other Taxes	654,304	191,872	241.0%
Investment Earnings	225,365	63,592	254.4%
Other	462,127	161,369	186.4%
Total Revenue	<u>12,831,133</u>	<u>10,975,450</u>	<u>16.9%</u>
Expenses:			
General Administration	1,646,512	1,392,783	18.2%
Judicial	706,796	738,595	-4.3%
Legal	172,966	159,659	8.3%
Financial Administration	271,153	231,637	17.1%
Public Facilities	879,765	725,093	21.3%
Public Safety	5,462,396	6,438,214	-15.2%
Public Transportation	443,532	399,085	11.1%
Culture and Recreation	206,561	195,123	5.9%
Conservation- Agriculture	114,119	106,686	7.0%
Health & Welfare	261,984	256,658	2.1%
Total Expense	<u>10,165,784</u>	<u>10,643,533</u>	<u>-4.5%</u>
Increase (Decrease) in Net Position	2,665,349	331,917	703.0%
Net Position- Beginning	<u>9,923,333</u>	<u>9,660,416</u>	<u>2.7%</u>
Net Position - Ending	<u>12,588,682</u>	<u>9,992,333</u>	<u>26.0%</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds:

As of the end of the fiscal year, Kinney County's governmental funds reported a combined fund balance of \$6,098.5 thousand, an increase of \$1,241.1 thousand in comparison with the prior year. Approximately 55.22% of this total amount \$3,367.7 thousand is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted fund balance of \$2,339.2 thousand, committed fund balance of \$360.3 thousand, and non-spendable fund balance of \$31.2 thousand. The County's ability to spend each of these types of fund balance is more limited than with the unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

General Fund Budgetary Highlights – The County amend the budget during the year. Even with these amendments actual revenues were \$1,474.0 thousand more than budgeted amounts. Actual expenses were \$373.1 thousand less than the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the County had invested \$13,615.7 thousand in a broad range of capital assets, including land, equipment, buildings, roads, bridges and vehicles. (See Table A-4.) This amount represents a \$2,078.4 increase (including additions and deductions) from last year.

Table A-4
Real County's Capital Assets

	Governmental Activities		
	2023	2022	% Change 2023-2022
Land	\$ 126,796	\$ 126,796	0.0%
Construction in progress-Water Lines & Booster	\$ 438,039	\$ 33,875	1193.1%
Intangible	119,195	119,195	0.0%
Buildings and Improvements	4,754,973	3,899,236	21.9%
Machinery, equipment and vehicles	6,465,004	5,726,135	12.9%
Infrastructure	1,661,797	1,582,141	5.0%
Right to Use Assets	49,886	49,886	0.0%
Totals at historical cost	13,615,690	11,537,264	18.0%
Total Accumulated Depreciation	(7,862,494)	(7,011,277)	12.1%
Net Capital Assets	\$ 5,753,196	\$ 4,525,987	27.1%

Long Term Debt – At the end of the fiscal year, the County’s only debt was \$102,117 of right to use assets-lease and compensated absences.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- The taxable value used for the FY2024 budget preparation is estimated to be up significantly from FY2023.
- The tax rate established for the FY2024 budget is \$.4836, which is an increase from the FY2022 rate of \$.5396
- The 2023 general fund budgeted revenue is \$8,044,282 budgeted disbursement are \$8,044,282.
- Inflationary trends in the region are comparable to national indices.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Kinney County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the County’s business office, P.O. Box 1219, Brackettville, TX 78832.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

KINNEY COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Primary Government Total
ASSETS		
Cash and Cash Equivalents	\$ 5,968,446	\$ 5,968,446
Receivable (net of allowances for uncollectible)	432,328	432,328
Prepaid Items	34,782	34,782
Net Pension Asset	290,279	290,279
Capital Assets		
Construction in Process	438,039	438,039
Land	126,796	126,796
Intangibles (Net)	54,475	54,475
Infrastructure (Net)	78,060	78,060
Buildings (Net)	3,132,174	3,132,174
Machinery and Equipment (Net)	1,906,592	1,906,592
Right-to-use Lease Assets (Net)	17,060	17,060
Total Assets	<u>12,479,031</u>	<u>12,479,031</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	456,127	456,127
Total Deferred Outflow of Resources	<u>456,127</u>	<u>456,127</u>
LIABILITIES		
Accounts Payable	\$ 129,362	\$ 129,362
Bank Overdrafts	-	-
Accrued Wages Payable	24,876	24,876
Accrued Payroll Liabilities	-	-
Noncurrent Liabilities:		
Due Within One Year	16,192	16,192
Due in More Than One Year		
Right to Use Liability - Leases	4,090	4,090
Compensated Absences	81,836	81,836
Total Liabilities	<u>256,356</u>	<u>256,356</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension	90,120	90,120
Total Deferred Inflow of Resources	<u>90,120</u>	<u>90,120</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	5,651,078	5,651,078
Non Spendable:		
Prepaid Items	31,168	31,168
Restricted:		
Restricted for Administration-County	131,920	131,920
Restricted for Administration-County Clerk	103,497	103,497
Restricted for Health and Welfare	303,313	303,313
Restricted for Judicial	76,583	76,583
Restricted for Legal	9,149	9,149
Restricted for Public Safety	1,537,233	1,537,233
Restricted for Public Transportation	177,538	177,538
Committed:		
Committed to Administration- County	356,213	356,213
Committed to Culture and Recreation	4,137	4,137
Unassigned	4,206,853	4,206,853
Total Net Position	<u>\$ 12,588,682</u>	<u>\$ 12,588,682</u>

The accompanying notes are an integral part of this statement.

KINNEY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government				
General Administration	\$ 1,646,512	\$ 82,421	\$ 290,362	\$ -
Judicial	706,796	681,496	68,610	-
Legal	172,966	2	-	-
Financial Administration	271,153	-	-	-
Public Facilities	879,765	-	-	404,164
Public Safety	5,462,396	1,366,014	3,154,191	818,462
Public Transportation	443,532	6,236	9,209	102,412
Culture and Recreation	206,561	13,674	-	-
Conservation - Agriculture	114,119	-	-	-
Health & Welfare	261,984	1,664	81,473	-
Total primary governmental activities	<u>10,165,784</u>	<u>2,151,507</u>	<u>3,603,845</u>	<u>1,325,038</u>

General revenues:

Taxes:

Property Taxes, Levied for General Purposes

Other Taxes

Investment earnings

Licenses & Permits

Special Transfers

Miscellaneous Revenue

Total general revenues, and transfers

Change in net position

Net position—beginning

Net position—ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Primary Government

Governmental
Activities

\$	(1,273,729)
	43,310
	(172,964)
	(271,153)
	(475,601)
	(123,729)
	(325,675)
	(192,887)
	(114,119)
	(178,847)
	<u>(3,085,394)</u>

	4,408,947
	654,304
	225,365
	169,778
	17,646
	274,703
	<u>5,750,743</u>
	2,665,349
	9,923,333
\$	<u><u>12,588,682</u></u>

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FUND FINANCIAL STATEMENTS

KINNEY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Road and Bridge Funds
ASSETS		
Cash and Cash Equivalents	\$ 3,329,826	\$ 181,475
Receivables (net of allowance for uncollectible)	210,757	10,416
Due from Other Funds	97,011	
Prepaid Items	31,168	2,589
Total Assets	\$ 3,668,762	\$ 194,480
LIABILITIES		
Accounts Payable	\$ 71,383	\$ 4,042
Bank Overdraft	-	-
Accrued Wages Payable	7,629	-
Due to Other Funds	-	5,705
Total Liabilities	79,012	9,747
DEFERRED INFLOW OF RESOURCES		
Unavailable Revenue- Property Taxes	175,624	7,195
Total Deferred Inflows of Resources	175,624	7,195
FUND BALANCE		
Non Spendable:		
Prepaid Items	31,168	-
Restricted For:	-	-
Administration-County	-	-
Administration- County Clerk	-	-
Archives	-	-
Health and Welfare	-	-
Judicial	-	-
Legal	-	-
Public Safety	-	-
Public Transportation	-	177,538
Committed:		
Administration- County	-	-
Culture and Recreation	-	-
Unassigned:	3,382,958	-
Total Fund Balances	3,414,126	177,538
Total Liabilities Deferred Inflows and Fund Balances	\$ 3,668,762	\$ 194,480

The accompanying notes are an integral part of this statement.

Jail and Detention Facility	Operation Lone Star	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,193,114	\$ 103,641	\$ 1,160,390	\$ 5,968,446
164,425		46,730	432,328
-	-	7,554	104,565
-		1,025	34,782
<u>\$ 1,357,539</u>	<u>\$ 103,641</u>	<u>\$ 1,215,699</u>	<u>\$ 6,540,121</u>
\$ -	\$ 42,814	\$ 11,123	\$ 129,362
-		-	-
-	5,538	11,709	24,876
-	-	98,860	104,565
<u>-</u>	<u>48,352</u>	<u>121,692</u>	<u>258,803</u>
-	-	-	182,819
<u>-</u>	<u>-</u>	<u>-</u>	<u>182,819</u>
-	-	-	31,168
-	-	-	-
-	-	131,920	131,920
-	-	103,497	103,497
-	-	-	-
-	-	303,313	303,313
-	-	76,583	76,583
-	-	9,149	9,149
1,357,539	55,289	124,405	1,537,233
-		-	177,538
-	-	-	-
-	-	356,213	356,213
-	-	4,137	4,137
-	-	(15,210)	3,367,748
<u>1,357,539</u>	<u>55,289</u>	<u>1,094,007</u>	<u>6,098,499</u>
<u>\$ 1,357,539</u>	<u>\$ 103,641</u>	<u>\$ 1,215,699</u>	<u>\$ 6,540,121</u>

KINNEY COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$ 6,098,499
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$11,537,264 and accumulate depreciation was \$7,011,277. In addition, long-term liabilities including compensated absences, and right to use lease liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The long -term debt was \$104,020. The net effect of including the beginning balances for the capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	4,421,967
Current year capital outlays and changes in long-term liabilities including and compensated absences debt payments are expended in the fund financial statements, but they should be shown as increases in capital assets and changes in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and changes in compensated absences is to increase net position.	2,080,328
Included in the items related to debt is the recognition of the County's net pension liability required by GASB 68. At the beginning of the year, the net position related to GASB68 was a Deferred Resource Outflow in the amount of \$376,040, a Deferred Resource Inflow in the amount of \$1,427,324 and a net pension asset in the amount of \$1,637,909 The impact of this on Net Position is \$586,625. Changes from the current year reporting of the plan resulted in a increase in net position in the amount of \$69,661. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$656,286.	656,286
The 2023 depreciation expense increased accumulate Depreciation. The net effect on the current year's depreciation is to decrease net position.	(851,217)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	182,819
Net Position of Governmental Activities	<u><u>\$ 12,588,682</u></u>

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KINNEY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Road and Bridge Funds	Jail and Detention Facility Revenue
REVENUES:			
Taxes			
Property Taxes	\$ 4,149,931	\$ 133,573	\$ -
Sales	654,304		-
Intergovernmental	397,674	9,209	-
Licenses & Permits	2,179	167,599	-
Charges for services	385,434	6,236	1,096,186
Fines & Forfeitures	383,368		-
Interest	153,210	10,048	52,898
Grant Revenue	-	-	-
Miscellaneous	239,159	20,658	7,380
Total Revenue	<u>6,365,259</u>	<u>347,323</u>	<u>1,156,464</u>
EXPENDITURES:			
Current:			
General Administration	1,735,924	-	-
Judicial	543,203	-	-
Legal	166,979	-	-
Financial Administration	264,625	-	-
Public Facilities	825,926	-	-
Public Safety	2,550,782	-	-
Public Transportation	-	343,901	-
Culture and Recreation	180,271	-	-
Conservation - Agriculture	111,856	-	-
Health & Welfare	-	-	-
Capital Projects:			
Capital Outlay and Other	-	-	-
Total Expenditures	<u>6,379,566</u>	<u>343,901</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(14,307)</u>	<u>3,422</u>	<u>1,156,464</u>
OTHER FINANCING SOURCES (USES):			
Lease Proceeds	-	-	-
Operating Transfers In	971,315	142,294	-
Operating Transfers Out	<u>(380,521)</u>	<u>(140,000)</u>	<u>(959,000)</u>
Total Other Financing Sources (Uses)	<u>590,794</u>	<u>2,294</u>	<u>(959,000)</u>
Net Change in Fund Balances	576,487	5,716	197,464
Fund Balance - October 1 (Beginning)	2,837,639	171,822	1,160,074
Prior Period Adjustment	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 3,414,126</u>	<u>\$ 177,538</u>	<u>\$ 1,357,538</u>

The accompanying notes are an integral part of this statement.

Operation Lone Star	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,283,504
-	-	654,304
3,081,598	1,440,402	4,928,883
-	-	169,778
-	63,630	1,551,486
-	216,653	600,021
-	9,209	225,365
-	-	-
-	7,506	274,703
<u>3,081,598</u>	<u>1,737,400</u>	<u>12,688,044</u>
-	435,752	2,171,676
-	228,527	771,730
-	-	166,979
-	-	264,625
-	404,164	1,230,090
2,615,228	719,405	5,885,415
-	79,656	423,557
-	-	180,271
-	-	111,856
-	258,358	258,358
-	-	-
<u>2,615,228</u>	<u>2,125,862</u>	<u>11,464,557</u>
<u>466,370</u>	<u>(388,462)</u>	<u>1,223,487</u>
-	-	-
3,741	479,951	1,597,301
-	(100,134)	(1,579,655)
<u>3,741</u>	<u>379,817</u>	<u>17,646</u>
470,111	(8,645)	1,241,133
(414,822)	1,102,652	4,857,365
-	-	-
<u>\$ 55,289</u>	<u>\$ 1,094,007</u>	<u>\$ 6,098,498</u>

KINNEY COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ 1,241,134
Current year capital outlays and changes in long-term liabilities including compensated absences are expenditures in the fund financial statements, but they should be shown as increases in capital assets and changes in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and changes in long-term debt is to decrease net position.	2,080,328
Current year changes due to GASB 68 required debits to expenses in the amount of \$69,661 resulting in a increase in net position.	69,661
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect on the current year's depreciation is to decrease net position.	(851,217)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	125,443
Change in Net Position of Governmental Activities	<u><u>\$ 2,665,349</u></u>

The accompanying notes are an integral part of this statement.

KINNEY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Agency Funds
ASSETS:	
Cash & Cash Equivalents	\$ 2,961,584
Receivables	8,807
Total Assets	2,970,390
LIABILITIES	
Accounts Payable	180,959
Total Liabilities	180,959
NET POSITION	
Restricted for Other Purposes	2,789,431
Total Net Position	\$ 2,789,431

The accompanying notes are an integral part of this statement.

KINNEY COUNTY, TEXAS
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Total Custodial Funds
ADDITIONS:	
Detention Facility Fees	\$ 14,286,622
Collections From Other Governments and Others	6,911,457
Interest	1,933
Total Additions	21,200,012
DEDUCTIONS:	
Distributions To Other Governments and Others	22,115,269
Other Services and Charges	210,622
Total Deductions	22,325,891
Excess (Deficiency) Revenues Over Expenditures	(1,125,879)
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	1,764,295
Operating Transfers Out	(1,781,364)
Total Other Financing Sources (Uses)	(17,069)
Net Change in Fund Balances	(1,142,948)
Total Net Position - October 1 (Beginning)	3,932,379
Total Net Position - September 30 (Ending)	\$ 2,789,431

The accompanying notes are an integral part of this statement.

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Kinney County (County) reflected in the accompanying financial statements conform to generally accepted accounting principles (GAAP) in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the County are described in the following notes to the basic financial statements.

A. Reporting Entity

The County is a public corporation and political subdivision of the State of Texas (State). The Commissioner's Court is composed of four commissioners and the County Judge is the general governing body of the County in accordance with Article 5, Section 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of Texas: general government (e.g., tax collection, funds investment, etc.), judicial (courts, juries, district attorney, etc.), public safety (sheriff, jail, homeland security, etc.), highways and streets, health, education, and public welfare (e.g., juvenile services and assistance to indigents).

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and Statement of Activities. Government-wide statements report, except for County fiduciary funds financial activity, information on all of the County activities. The effect of inter-fund transfers has been removed from the government-wide financial statements but continues to be reported in the fund financial statements. However, inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities are supported mainly by taxes, intergovernmental revenues, and charges for services.

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

Separate fund financial statements are provided for governmental funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. General, Road & Bridge, Jail and Detention Facility, and Operation Lone Star Grants are reported as *major governmental funds*. Each major fund is reported in a separate column in the fund financial statements. Other nonmajor funds include Special Revenue Funds. The combined amounts for these funds are reflected in a single column in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. This measurement focus is also used for the proprietary fund

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

financial statements. Revenues net of allowances 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. Major revenue types, which have been accrued, include district clerk and county clerk fees, justice of the peace fees, revenue from investments, intergovernmental revenue, and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants, and contributions not restricted to specific programs, investment earnings, and donations of assets.

Governmental fund-level financial statements are reported using current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized only when they become susceptible to accrual (measurable and available). Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Unavailable means not available to finance expenditures for the current fiscal period. Unearned refers to funds received before the earnings process is completed. Except for grants, measurable and available revenues include revenues expected to be received within 60 days after the fiscal year's end. Grants policy includes recognition of revenues, so long as such amounts are collectible within 120 days or soon enough afterward to be used to pay liabilities for the current period, and where grant eligibility requirements have been met. Property taxes levied prior to September 30, 2023, and became due October 1, 2023, have been assessed to finance the budget of the fiscal year beginning October 1, 2023, and, accordingly, have been reflected as unavailable revenue and property taxes receivable in the governmental fund financial statements. Receivables and deferred inflows associated with these property taxes are included in the government-wide statements on September 30, 2023.

Expenditures generally are recorded when a fund liability is due and payable; however, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when the liability has matured and payment is due.

The County reports the following major governmental funds:

General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Significant revenue sources include property taxes, charges for services, intergovernmental revenues, and investment income of idle funds. Primary expenditures are for general government, public safety, judicial, public welfare, health services, and capital acquisition.

Road and Bridge Fund – The Road and Bridge Fund is a special revenue fund which accounts for the collection and expenditure of those monies designated to be spent for acquisition, construction, and maintenance of county roads and bridges. This constitutional fund is primarily financed with fees associated with vehicle registration.

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

Jail and Detention Facility is used to administer monies used in the day-to-day operations of the local detention.

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

Other fund types include fiduciary funds:

Fiduciary Funds financial statements include custodial funds used to account for assets held by the County as agents for individuals, private organizations, and other governments and cannot be used to support the County’s own programs. Custodial funds do not involve a formal trust agreement.

Custodial funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations. They include the State Comptroller fund for fees collected due to the state, Community Supervision and Corrections fund for activities of a state agency with funds in the County depository and Other Custodial fund for funds collected and held for others.

D. Assets, Liabilities, and Net Position

1. Cash, Cash Equivalents, and Investments

The government's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

2. Receivables and Payables

Property taxes are levied prior to September 30 based on taxable values as of January 1 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected in the government-wide financial statements based on the accrual method of accounting. Property tax receivables are shown net of an allowance for uncollectible accounts. Property taxes owed for a future period are deferred and recognized as revenue in the periods they were earned.

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

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

Reimbursements for services performed are recorded as receivables and revenues when earned in the government-wide financial statements. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts. Borrowing between funds is recorded as an amount either “Due to” or “Due from.” Due to and due from amounts are eliminated in the government-wide financial statements.

3. Inventories and Prepayments

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are expenditures at the time of purchase. There were no inventory items at September 30, 2023.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures when consumed rather than when purchased. In the fund financial statements, advances and prepayments are denoted as a non spendable fund balance.

4. Restricted Assets/Funds

The following accounts reflect restricted status by third party or statutory obligations for specific purposes:

- Operation Lone Star, and the grant funds, which are included with Nonmajor Governmental Funds (amounts restricted for future grant expenditures according to award restrictions);
- Other Nonmajor Governmental Fund balances (amounts restricted for other specific purposes according to Texas statutes).

5. Capital Assets

Capital assets, including land, construction in progress, historical treasures, buildings, machinery and equipment, and infrastructure (e.g., roads and bridges) are reported in the government-wide financial statements. Capital assets (except for grant assets with lower thresholds) are defined as assets where the County bears risks and benefits of ownership with a cost of \$1,000 or more and with a useful life in excess of two years. Infrastructure assets include County owned roads and bridges. Capital assets are recorded at historical cost if purchased or constructed. Donations of capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset life is not capitalized. Additionally, County capital expenditures include amounts incurred to improve infrastructure assets owned by other governmental entities within Kinney County. Accordingly, these amounts are not capitalized. Capital assets, except infrastructure, are depreciated using the straight line method over the following estimated useful lives:

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Leasehold Improvements	30
Land Improvements	30
Electrical Generation Systems	10
Plumbing Systems	10
Central Air/Heat Systems	10
Equipment	6
Office Furnishings	7
Law enforcement Equipment	5
Life Safety Equipment	5
Vehicles	5
Office Equipment	6
Computer Equipment	3
Furniture	7

The County uses the modified approach to report infrastructure assets in the government-wide Statement of Net Position. Infrastructure assets are recorded at historical cost but not depreciated. Under the modified approach, the County reports annual expenses for maintaining County roads and bridges including estimated costs for preservation at specified levels.

The County evaluates capital assets regularly for impairment. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write down of assets. An impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount.

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation, comp time, and sick pay benefits.

There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

All vacation and comp time are accrued when incurred in the government- wide financial statements. A liability for these amounts is reported in government- wide financial statements.

7. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County's deferred outflows of resources consist of differences between expected and actual actuarial

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

experience (pension), changes in actuarial assumptions (pension), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension), and contributions paid to TC&DRS subsequent to the measurement date (pension).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government wide financial statements, the County has two items that qualify for this reporting. The County reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension), changes in actuarial assumptions (pension), differences between projected and actual investment earnings (pension), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension). The County also reports a Deferred Loss on Bond Refunding.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the fund financial statements, governmental fund types recognize the principal of long-term debt and lease proceeds as another financing source.

Net pension obligations are liquidated through a trust managed by Texas County and District Retirement System.

9. 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-to-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-to-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-to-use leased asset is amortized on a straight-line basis

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

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.

10. Fund Balances

Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These classifications are defined as:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure Projects are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements.

Committed — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commissioners' Court. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Unassigned — All other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

As of September 30, 2023, fund balances are composed of the following:

Fund Balances:	
Non Spendable:	
Prepaid Items	\$ 31,168
Restricted:	
Restricted for Administration-County	131,920
Restricted for Administration-County Clerk	103,497
Restricted for Health and Welfare	303,313
Restricted for Judicial	76,583
Restricted for Legal	9,149
Restricted for Public Safety	1,537,233
Restricted for Public Transportation	177,538
Committed:	
Committed to Administration- County	356,213
Committed to Culture and Recreation	4,137
Unassigned	3,367,748
Total Fund Balance	\$ 6,098,499

When both restricted and unrestricted amounts are available for use, County policy as approved by the governing body is to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, the policy is to use committed amounts first consistent with the formal action of the governing body, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be incurred.

11. Net Position

In the government-wide financial statements, net position is categorized into three categories. The first is net investment in capital assets, which is gross capital asset balances reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended bond proceeds. The second category is restricted, which represents assets restricted by requirement of bond covenants, grantor regulations, other externally imposed constraints, or by legislation, in excess of the related liabilities payable from restricted assets. The third category, unrestricted portion of net position, consists of net position that does not meet the definition of either of the other two categories of net position.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

13. Budgets

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' Court.

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires if the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

II. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Legal and Contractual Provisions Governing Deposits and Investments:

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

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

Policies Governing Deposits and Investments:

Investments:

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds.

TexPool and Tex Star Funds use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool and Tex Star Funds do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. TexPool and Tex Star Funds have a credit rating of AAAm from Standard & Poor’s Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal.

TexPool and Tex Star Funds invest a high-quality portfolio of debt securities investments that are legally permissible for local governments in the state.

All funds participate in a pooling of cash and investment income to maximize investment opportunities. Each fund may liquidate its equity in the pool on demand.

The County’s investments are authorized by the County. The County is authorized to invest in obligations of the U.S. Government and its agencies or instrumentalities; direct obligations of Texas and its agencies and instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; insured or collateralized certificates of deposit; fully collateralized repurchase agreements; and government pools.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County’s investments by fair value level are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. The County has no Level 1 investments (investments valued using prices quoted in active markets for identical securities) or Level 3 investments (investments valued using significant unobservable inputs). As of September 30, 2023, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>	<u>Weighted Average</u>
Texpool	\$ 3,603,177	Less than 1 year	Less than 1 year
Tex Star Funds	\$ 1,201,625	Less than 1 year	Less than 1 year

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy and Chapter 2257 of the Texas Government Code, also known as the Public Funds Collateral Act, provides guidelines for the amount of collateral that is required to secure the deposit of public funds. It requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of Federal Depository insurance (FDIC) available.

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
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As of September 30, 2023, the government's bank balance of \$4,406,441 was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$9,089,907 and the FDIC coverage is \$284,905.

III. PROPERTY TAXES AND OTHER RECEIVABLES

A. Property Taxes

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

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

As of October 1, 1981, the appraisal of property within the County was the responsibility of the county-wide appraisal district. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property.

However, if the effective tax rates for bonds and other contractual obligations and adjustments for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

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

Property tax revenues are recognized in the accounting period in which they become both measurable and available. Property tax revenues are considered measurable at the time of levy and are recognized as deferred revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end.

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
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B. Receivables

Receivables as of year end for the government's individual major funds and non-major, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road and Bridge Fund	Jail and Detention Facility	Other Governmental Funds	Total
Property Taxes	\$ 175,624	\$ 7,195	\$ -	\$ -	\$ 182,819
Sales Taxes	-	-	-	-	-
Fines	24,395	2,804	-	-	27,199
Other	10,737	417	164,425	46,730	222,309
Total Receivables	<u>210,757</u>	<u>10,416</u>	<u>164,425</u>	<u>46,730</u>	<u>432,327</u>

IV. CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 126,796	\$ -	\$ -	\$ 126,796
Construction in Progress-Water Lines	33,875	404,164	-	438,039
Total capital assets not being depreciated	<u>160,671</u>	<u>404,164</u>	<u>-</u>	<u>564,835</u>
<i>Capital assets being depreciated:</i>				
Intangibles	119,195	-	-	119,195
Buildings and Improvements	3,899,236	855,737	-	4,754,973
Machinery, Equipment and Vehicles	5,726,135	738,869	93,677	6,371,327
Infrastructure	1,582,141	79,656	-	1,661,797
Right to Use Assets	49,886	-	-	49,886
Total capital assets being depreciated	<u>11,376,593</u>	<u>1,674,262</u>	<u>93,677</u>	<u>12,957,178</u>
Less accumulated depreciation for:				
Intangibles	52,800	11,920	-	64,720
Buildings and Improvements	1,465,213	157,586	-	1,622,799
Machinery, Equipment and Vehicles	3,894,618	663,794	93,677	4,464,735
Infrastructure	1,582,144	1,593	-	1,583,737
Right to Use Assets	16,502	16,324	-	32,826
Total accumulated depreciation	<u>7,011,277</u>	<u>851,217</u>	<u>93,677</u>	<u>7,768,817</u>
Total capital assets being depreciated, net	<u>4,365,316</u>	<u>823,045</u>	<u>-</u>	<u>5,188,361</u>
Governmental activities capital assets, net	<u>\$ 4,525,987</u>	<u>\$ 1,227,209</u>	<u>\$ -</u>	<u>\$ 5,753,196</u>

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
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Depreciation was charged to functions as follows:

Governmental Activities:	
General Administration	\$ 79,171
Judicial	8,426
Legal	6,758
Financial Administration	7,628
Public Facilities	38,323
Public Safety	577,035
Public Transportation	99,615
Culture and Recreation	26,926
Health and Welfare	3,731
Conservation - Agriculture	3,603
	<u>\$ 851,217</u>

V. LONG-TERM LIABILITIES

Long-Term Debt

Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Right to Use Lease Liability	36,473	-	16,192	20,281	8,427
Compensated Absences	67,546	81,836	67,546	81,836	81,836
Total	<u>\$ 104,019</u>	<u>\$ 81,836</u>	<u>\$ 83,738</u>	<u>\$ 102,117</u>	<u>\$ 90,263</u>

Right to Uses Lease Liability

The County has entered into various leases as a lessee. These leases vary in nature, substance, terms, and conditions dependent upon the asset being leased. Examples of assets leased include copiers. Beginning FY 2022, leases are presented in the financial statements and accompanying footnotes in accordance with GASB 87. GASB 87 requires leases to be categorized as either short-term (12 months or less in length, including renewal options) or long-term. In determining future minimum lease payments and receipts, the County includes the right to extend option terms in the noncancelable lease term. Short-term lease transactions are reflected in the government-wide and fund financial statements.

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

Future principal and interest payments due to maturity as of the end of the fiscal year are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	8,427	489	8,916
2025	4,999	287	5,286
2026	3,841	147	3,987
2027	3,014	45	3,059
Totals	<u>\$ 20,281</u>	<u>\$ 968</u>	<u>\$ 21,249</u>

VI. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS

Interfund balances and interfund transfers during the year ended September 30, 2023, consisted of the following:

<u>Due From</u>	<u>Due To</u>			<u>Total</u>
	<u>General</u>	<u>Road & Bridge</u>	<u>Other Nonmajor Funds</u>	
General Fund	\$ -	\$ -	\$ 7,554	\$ 7,554
Road & Bridge Fund	5,705	-	-	5,705
Other Nonmajor Funds	91,306	-	-	91,306
Total	<u>\$ 97,011</u>	<u>\$ -</u>	<u>\$ 7,554</u>	<u>\$ 104,565</u>

<u>Transfer Out:</u>	<u>Transfer In:</u>					<u>Total</u>
	<u>General</u>	<u>Road & Bridge</u>	<u>Operation Lone Star</u>	<u>Fiduciary Fund</u>	<u>Other Nonmajor Funds</u>	
General Fund	\$ -	\$ -	\$ 3,741	\$ 402	\$ 376,378	\$ 380,521
Road & Bridge Fund	-	140,000	-	-	-	140,000
Jail & Detention	959,000	-	-	-	-	959,000
Other Nonmajor Funds	-	-	-	-	100,134	100,134
Fiduciary	12,315	2,294	-	1,764,295	3,438	1,782,342
Total	<u>\$ 971,315</u>	<u>\$ 142,294</u>	<u>\$ 3,741</u>	<u>\$ 1,764,697</u>	<u>\$ 479,950</u>	<u>\$ 3,361,997</u>

All the above transfers are non-recurring. The transfers into the General Fund and the Road and Bridge Fund are for daily operations.

VII. DEFINED BENEFIT PENSION PLAN

Kinney County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional agent multiemployer defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCDRS Board of Trustees is responsible for the administration of the statewide agent multiemployer public employee retirement system consisting of more than 850 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report on a calendar year basis, which is available online at www.tcdrs.org or upon written request from the Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

**KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023**

Benefits Provided

The plan provisions are adopted by Board of Directors of the District, within the options available in the state statutes governing TCDRS (“TCDRS Act”). Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, when the sum of their age and years of service equals 80 or more, or if they become disabled. Members are vested after combined 10 years of employment with any organization(s) with an accredited plan (not just the District) but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District. Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest and employer-financed monetary credits. The level of these monetary credits is adopted by Board of Directors of the District, within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The District’s current match is 200%

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms of the Medina County Appraisal District plan:

Membership Information	Dec.31,2021	Dec.31,2022
Members		
Number of inactive employees entitled to but not yet receiving benefits:	62	78
Number of active employees:	84	79
Average monthly salary*:	\$ 2,865	\$ 3,223
Average age*:	47.12	48.38
Average length of service in years*:	8.56	8.58
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	36	37
Average monthly benefit:	\$823	\$894

*Averages reported for all active and inactive employees.

Contributions

The District has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.63% for the months of the accounting year in 2022, and 7.36% for the months of the accounting year in 2023. The deposit rate payable by the employee members for calendar year 2022 and 2023 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial assumptions:

For the District's fiscal year ending September 30, 2023 the net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

TCDRS system-wide economic assumptions:

Real rate of return	5.0% per year
Inflation	2.50% per year
Long-term investment return	7.5%

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10 year time horizon and are re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in 2021 and reviewed annually for continued compliance with relevant standards of practice. The following target asset allocation was adopted by the TCDRS board in March 2023.

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

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric Real rates of return equal the expected return minus the assumed inflation rate of 2.30%, per Cliffwater's 2023 capital market assumptions.

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

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

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

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NOTES TO THE FINANCIAL STATEMENT
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Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate ⁽¹⁾	7.60%
Long-term expected rate of return, net of investment expense ⁽¹⁾	7.60%
Municipal bond rate ⁽²⁾	Does not apply

¹ This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus a 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

² The Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return and the municipal bond rate does not apply.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2021	\$ 9,760,083	\$ 11,397,992	\$ (1,637,909)
Changes for the year:			
Service cost	378,092	-	378,092
Interest on total pension liability	754,493	-	754,493
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	39,668	-	39,668
Effect of assumptions changes or inputs	-	-	-
Refund of Contributions	(54,539)	(54,539)	-
Benefit payments	(374,576)	(374,576)	-
Administrative expenses		(6,325)	6,325
Member contributions		217,842	(217,842)
Net investment income		(673,054)	673,054
Employer contributions		268,568	(268,568)
Other	-	17,592	(17,592)
Balances as of December 31, 2022	\$ 10,503,221	\$ 10,793,500	\$ (290,279)

Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.6%) than the current rate.

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
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	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 11,900,791	\$ 10,503,221	\$ 9,342,578
Fiduciary net position	10,793,500	10,793,500	10,793,500
Net pension liability/(Asset)	\$ 1,107,291	\$ (290,279)	\$ (1,450,922)

Pension Plan Fiduciary Net Position

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

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

For the current year, the District recognized pension expense of \$198,739.43.

As of September 30, 2023 the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 76,651	\$ 29,751
Changes in assumptions	13,469	-
Net difference between projected and actual earnings	-	225,644
Contributions made subsequent to measurement date	N/A	200,732
Total	\$ 90,120	\$ 456,127

Amounts currently reported deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

2023	(158,251)
2024	(34,276)
2025	49,431
2026	308,371
2027	0
Thereafter	0

VIII. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

KINNEY COUNTY, TEXAS
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1. General Liability Insurance

The County is insured for general, police officers and automobile liability.

The County pays an annual premium to Texas Association of Counties Risk Management Pool for auto vehicle insurance coverage. The agreement with Texas Association of Counties Risk Management Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than \$100,000 to \$300,000 for each insurance event. The County anticipates no contingent losses.

Texas Association of Counties Risk Management Pool has published its own financial report that can be obtained from the Texas Association of Counties Risk Management Pool.

The County continues to carry commercial fidelity bonds for elected officials and for management.

2. Property and Casualty Insurance

Property, casualty, mobile equipment insurance is provided by Texas Association of Counties Risk Management Pool.

3. Workers' Compensation Insurance

The County insures against workers' compensation claims through Texas Association of Counties.

4. Group Health and Life Insurance

Kinney County The County maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

5. Unemployment Compensation Insurance

The County insures for unemployment compensation claims through an agreement with the Texas Association of Counties

IX. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial. The County was a defendant in several lawsuits as of September 30, 2022. Although the evaluation of litigation is difficult and speculative, we do not expect that the outcome of any of the above matters will substantially impair the financial activities of the County,

KINNEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2023

X. TAX ABATEMENTS

Tax Abatement Agreement Kinney County, Texas and Zier Solar, LLC on the 10th day of August 2020; pursuant to order passed on June 22, 2020, whereby the County Commissioners Court established County Reinvestment Zone No. 002 ("Reinvestment Zone") in accordance with Section 312.401 of the Texas Property Tax Code; and the Premises is located within the Reinvestment Zone.

Development and construction/installation of facilities and equipment for, and the operation of a minimum 160-megawatt solar electric generating system/facility, photovoltaic panels, and central inverters and other equipment.

Owner has projected a Capital Investment of \$145,000,000. Owner has promised a Minimum Capital Investment of \$50,000,000. The Abatement Schedule that a Project falls under is based on Actual Capital Investment. If the owner fails to make at least an Actual Capital Investment of \$50,000,000 in the Project by the applicable Completion Date, the County may terminate this Agreement. Owner shall complete the Project by December 31, 2022, Owner shall have the right to extend the Project Completion Date to December 31, 2023, by giving to the County on or before December 31, 2022 the above written certification and its notice of extending the Project Completion Date to December 31, 2023.

The Project is a photovoltaic power generation facility with an estimated capacity of 160 MW and an estimated capital investment cost of \$145,000,000. The Project seeks to develop and interconnect 160 MW of power into the ERCOT market. It is located on approximately 1,800 acres of contiguous land located entirely within Kinney County. The Project also includes a 138 kV transmission line to connect the 160 MW solar project to the LCRA Pinto Creek Substation. The Project will consist of approximately 1.9 million solar PV modules, connected to form strings, which are subsequently connected in parallel and mounted on rows of horizontal, single axis trackers. The Project will also feature central power inverters and transformers to convert DC power to AC electricity. Owner intends to connect 138 kV LCRA TX Line known as "Hamilton Road" to Brackettville 138 kV. All improvements will remain within the Project boundary and within the Kinney County Enterprise Zone.

The abatements will be 40% per year for 10 years. In the event of a breach by Zier, they will be required to pay more in cumulative taxes than it would have paid for taxable investment in the unincorporated area of Kinney County if this Agreement had never been entered into by the parties.

XI. DEFICIT FUND BALANCES

As of September 30, 2023, the county had deficit fund balances in the following funds:

Elderly Nutrition	\$ 3,216
Border Star Jag	\$67,527

REQUIRED SUPPLEMENTARY INFORMATION

KINNEY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Property Taxes	\$ 4,154,090	\$ 4,154,090	\$ 4,149,931	\$ (4,159)
Sales	160,000	160,000	654,304	494,304
Intergovernmental	135,550	135,550	397,674	262,124
Licenses & Permits	3,500	3,500	2,179	(1,321)
Charges for services	267,600	267,600	385,434	117,834
Fines & Forfeitures	145,000	145,000	383,368	238,368
Interest	10,000	10,000	153,210	143,210
Grant Revenue			-	-
Miscellaneous	15,500	15,500	239,159	223,659
Total Revenue	<u>4,891,240</u>	<u>4,891,240</u>	<u>6,365,259</u>	<u>1,474,019</u>
EXPENDITURES:				
Current:				
General Administration	1,900,534	1,900,534	1,735,924	164,610
Judicial	538,770	538,770	543,203	(4,433)
Legal	178,746	178,746	166,979	11,767
Financial Administration	283,253	283,253	264,625	18,628
Public Facilities	786,344	786,344	825,926	(39,582)
Public Safety	2,729,337	2,729,337	2,550,782	178,555
Public Transportation	-	-	-	-
Culture and Recreation	217,271	217,271	180,271	37,000
Conservation - Agriculture	118,385	118,385	111,856	6,529
Health & Welfare	-	-	-	-
Capital Projects:				
Capital Outlay and Other	-	-	-	-
Total Expenditures	<u>6,752,640</u>	<u>6,752,640</u>	<u>6,379,566</u>	<u>373,074</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(1,861,400)</u>	<u>(1,861,400)</u>	<u>(14,307)</u>	<u>1,847,093</u>
OTHER FINANCING SOURCES (USES):				
Lease Proceeds	-	-	-	-
Operating Transfers In	500,000	500,000	971,315	471,315
Operating Transfers Out	(501,064)	(501,064)	(380,521)	120,543
Total Other Financing Sources (Uses)	<u>(1,064)</u>	<u>(1,064)</u>	<u>590,794</u>	<u>591,858</u>
Net Change in Fund Balances	(1,862,464)	(1,862,464)	576,487	2,438,951
Fund Balance - October 1 (Beginning)	2,837,639	2,837,639	2,837,639	-
Fund Balance - September 30 (Ending)	<u>\$ 975,175</u>	<u>\$ 975,175</u>	<u>\$ 3,414,126</u>	<u>\$ 2,438,951</u>

KINNEY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD & BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Property Taxes	\$ 156,316	\$ 156,316	\$ 133,573	\$ (22,743)
Intergovernmental	2,484	2,484	9,209	6,725
Licenses & Permits	155,400	155,400	167,599	12,199
Charges for services	5,000	5,000	6,236	1,236
Interest	350	350	10,048	9,698
Miscellaneous	-	-	20,658	20,658
Total Revenue	<u>319,550</u>	<u>319,550</u>	<u>347,323</u>	<u>27,773</u>
EXPENDITURES:				
Current:				
Infrastructure and Environmental Services	364,475	364,475	343,901	20,574
Total Expenditures	<u>364,475</u>	<u>364,475</u>	<u>343,901</u>	<u>20,574</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(44,925)</u>	<u>(44,925)</u>	<u>3,422</u>	<u>48,347</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	226,166	226,166	142,294	(83,872)
Operating Transfers Out	(181,241)	(181,241)	(140,000)	41,241
Total Other Financing Sources (Uses)	<u>44,925</u>	<u>44,925</u>	<u>2,294</u>	<u>(42,631)</u>
Net Change in Fund Balances	-	-	5,716	5,716
Fund Balance - October 1 (Beginning)	171,822	171,822	171,822	-
Fund Balance - September 30 (Ending)	<u>\$ 171,822</u>	<u>\$ 171,822</u>	<u>\$ 177,538</u>	<u>\$ 5,716</u>

KINNEY COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2023

	Year Ended December 31									
	2021	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ 378,092	\$ 348,898	\$ 308,735	\$ 313,778	\$ 317,249	\$ 299,322	\$ 302,229	\$ 287,554	\$ 313,069	\$ N/A
Interest on total pension liability	754,493	716,302	668,602	627,579	595,726	561,618	529,112	495,671	451,004	N/A
Effect of plan changes	-	-	-	-	-	47,511	-	(42,716)	-	N/A
Effect of assumption changes or input	-	(26,937)	504,899	-	-	49,290	-	78,575	-	N/A
Effect of economic gains or losses	39,668	(153,301)	60,292	(15,554)	(125,986)	(154,495)	(217,168)	(147,672)	(34,863)	N/A
Benefit payments/refund of contributions	(429,115)	(394,778)	(428,139)	(400,999)	(379,944)	(419,459)	(310,700)	(188,031)	(177,849)	N/A
Net change in total pension liability	743,138	490,184	1,114,389	524,804	407,045	383,787	303,473	483,381	551,361	N/A
Total pension liability, beginning	9,760,083	9,269,899	8,155,510	7,630,706	7,223,662	6,839,875	6,536,403	6,053,021	5,501,660	N/A
Total pension liability, ending	\$ 10,503,221	\$ 9,760,083	\$ 9,269,899	\$ 8,155,510	\$ 7,630,707	\$ 7,223,662	\$ 6,839,876	\$ 6,536,402	\$ 6,053,021	\$ N/A
Fiduciary Net Position										
Employer contributions	\$ 268,568	\$ 181,563	\$ 182,380	\$ 161,545	\$ 177,494	\$ 178,675	\$ 166,690	\$ 166,307	\$ 160,005	\$ N/A
Member contributions	217,842	191,408	187,746	170,050	167,900	164,352	156,203	153,784	147,956	N/A
Investment income net of investment expenses	(673,054)	2,055,330	883,271	1,217,124	(141,856)	976,681	459,120	(87,435)	381,006	N/A
Benefit payments/refunds of contributions	(429,115)	(394,778)	(428,139)	(400,999)	(379,944)	(419,459)	(310,700)	(188,031)	(177,849)	N/A
Administrative expenses	(6,325)	(6,166)	(6,855)	(6,516)	(5,953)	(5,050)	(5,003)	(4,472)	(4,584)	N/A
Other	17,592	1,962	(869)	(1,185)	(267)	(1,072)	24,462	(30,419)	3,771	N/A
Net change in fiduciary net position	(604,492)	2,029,319	817,534	1,140,019	(182,626)	894,127	490,772	9,734	510,305	N/A
Fiduciary net position, beginning	11,397,992	9,368,672	8,551,138	7,411,118	7,593,743	6,699,617	6,208,846	6,199,112	5,688,807	N/A
Fiduciary net position, ending	\$ 10,793,500	\$ 11,397,991	\$ 9,368,672	\$ 8,551,137	\$ 7,411,117	\$ 7,593,744	\$ 6,699,618	\$ 6,208,846	\$ 6,199,112	\$ N/A
Net pension liability/asset	\$ (290,279)	\$ (1,637,908)	\$ (98,773)	\$ (395,627)	\$ 219,588	\$ (370,082)	\$ 140,258	\$ 327,556	\$ (146,091)	\$ N/A
Fiduciary net position as a % of total pension liability	102.76%	116.78%	101.07%	104.85%	97.12%	105.12%	97.95%	94.99%	102.41%	N/A
Pension covered payroll	\$ 3,112,030	\$ 2,734,401	\$ 2,682,088	\$ 2,429,289	\$ 2,398,569	\$ 2,347,882	\$ 2,231,472	\$ 2,196,916	\$ 2,113,659	\$ N/A
Net pension liability as a % of covered payroll	-9.33%	-59.90%	-3.68%	-16.29%	9.15%	-15.76%	6.29%	14.91%	-6.91%	N/A

KINNEY COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2023

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

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

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

KINNEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

	11 RM&P VARIOUS COUNTY OFFICES	12 DISTRICT CLERK RM&P	13 LAW LIBRARY
ASSETS			
Cash and Cash Equivalents	\$ 2,000	\$ 2,152	\$ 9,147
Receivables (net of allowance for uncollectibles)	-	-	-
Due from Other Funds	-	-	-
Prepaid Items	-	-	-
Total Assets	2,000	2,152	9,147
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	-	-	-
Bank Overdraft	-	-	-
Accrued Wages Payable	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	-	-	-
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue- Property Taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCE			
Non Spendable:	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Administration-County	-	-	-
Administration- County Clerk	-	-	-
Archives	-	-	-
Health and Welfare	-	-	-
Judicial	-	2,152	-
Legal	-	-	9,147
Public Safety	-	-	-
Public Transportation	-	-	-
Committed:			
Administration- County	-	-	-
Culture and Recreation	-	-	-
Unassigned:	2,000	-	-
Total Fund Balances	2,000	2,152	9,147
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,000	\$ 2,152	\$ 9,147

14	15	16	21	22	26	31
RECORD PRESERVATION	HOT CHECK	COMMUNITY DEVELOPMENT	RECORD MANAGEMENT AND PRES- ERVATION	COURTHOUSE SECURITY	CONTINUING EDUCATION CONSTABLE	STRAC EMS GRANT
\$ 3,409	\$ 2	\$ 89,372	\$ 5,514	\$ 24,825	\$ 1,328	\$ -
170	-	-	-	21	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,579	2	89,372	5,514	24,846	1,328	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,579	-	89,372	5,514	-	1,328	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2	-	-	-	-	-
-	-	-	-	24,846	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,579	2	89,372	5,514	24,846	1,328	-
\$ 3,579	\$ 2	\$ 89,372	\$ 5,514	\$ 24,846	\$ 1,328	\$ -

KINNEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

	33	38
	JP TECHNOLOGY FUND	SHERIFF CONTINUING EDUCATION
ASSETS		
Cash and Cash Equivalents	\$ 48,435	\$ 7,451
Receivables (net of allowance for uncollectibles)	4	-
Due from Other Funds	-	-
Prepaid Items	-	-
Total Assets	48,439	7,451
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	123
Bank Overdraft	-	-
Accrued Wages Payable	-	-
Due to Other Funds	-	-
Total Liabilities	-	123
DEFERRED INFLOW OF RESOURCES		
Unavailable Revenue- Property Taxes	-	-
Total Deferred Inflows of Resources	-	-
FUND BALANCE		
Non Spendable:	-	-
Prepaid Items	-	-
Restricted For:		
Administration-County	-	-
Administration- County Clerk	-	-
Archives	-	-
Health and Welfare	-	-
Judicial	48,439	-
Legal	-	-
Public Safety	-	7,328
Public Transportation	-	-
Committed:		
Administration- County	-	-
Culture and Recreation	-	-
Unassigned:	-	-
Total Fund Balances	48,439	7,328
TOTAL LIABILITIES AND FUND BALANCES	\$ 48,439	\$ 7,451

42	43	50	60	64	65	66	67
KINNEY COUNTY HISTORICAL COMMISSION CONTRIBUTIONS	RECORD ARCHIVE FEE	INDIGENT HEALTH CARE	ELDERLY NUTRITION	CONTINUING EDUCATION JUDGE	CHAPTER 203 RMP- VAR.	CHAPTER 203 RMP- CLERK	VITAL STATISTICS PRES- ERVATION
\$ 4,137	\$ 36,674	\$ 2,675	\$ 362	\$ 430	\$ 2,470	\$ 10,610	\$ 565
-	170	-	155	-	-	-	1
-	-	-	-	-	-	-	-
-	-	-	1,025	-	-	-	-
4,137	36,844	2,675	1,542	430	2,470	10,610	566
-	-	169	4,758	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	169	4,758	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	430	2,470	10,610	566
-	36,844	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,506	(3,216)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,137	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,137	36,844	2,506	(3,216)	430	2,470	10,610	566
\$ 4,137	\$ 36,844	\$ 2,675	\$ 1,542	\$ 430	\$ 2,470	\$ 10,610	\$ 566

KINNEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

	68	69	73
	FAMILY PROTECTION	UNCLAIMED FUNDS	ELECTION
ASSETS			
Cash and Cash Equivalents	\$ 300	\$ 6,213	\$ -
Receivables (net of allowance for uncollectibles)	-	-	5,966
Due from Other Funds	-	-	-
Prepaid Items	-	-	-
Total Assets	300	6,213	5,966
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	-	-	-
Bank Overdraft	-	-	-
Accrued Wages Payable	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	-	-	-
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue- Property Taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCE			
Non Spendable:	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Administration-County	-	-	5,966
Administration- County Clerk	300	-	-
Archives	-	-	-
Health and Welfare	-	-	-
Judicial	-	-	-
Legal	-	-	-
Public Safety	-	-	-
Public Transportation	-	-	-
Committed:			
Administration- County	-	6,213	-
Culture and Recreation	-	-	-
Unassigned:	-	-	-
Total Fund Balances	300	6,213	5,966
TOTAL LIABILITIES AND FUND BALANCES	\$ 300	\$ 6,213	\$ 5,966

82	83	84	86	90	91	92	107
LBSP FUND	BORDER STAR JAG	PRE- TRIAL DIVERSION	CONGRSSIONAL LINEBACKER	CIVIL COURT FEES	DISTRICT COURT CIVIL	COUNTY AND DISTRICT COURT TECH	FIRE RESCUE DONATIONS
\$ -	\$ -	\$ 66,378	\$ -	\$ 4,730	\$ 75	\$ 5,907	\$ 17,913
-	-	-	179	-	-	-	-
7,554	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,554	-	66,378	179	4,730	75	5,907	17,913
-	514	25	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	67,013	-	164	-	-	-	-
-	67,527	25	164	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,730	-	-	-
-	-	66,353	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	75	5,907	-
-	-	-	-	-	-	-	-
7,554	-	-	15	-	-	-	17,913
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(67,527)	-	-	-	-	-	-
7,554	(67,527)	66,353	15	4,730	75	5,907	17,913
\$ 7,554	\$ -	\$ 66,378	\$ 179	\$ 4,730	\$ 75	\$ 5,907	\$ 17,913

KINNEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

	108	110	116
	HEALTHY	TXDBG - WATER LINE	INVESTMENT
	COUNTY	IMPROVEMENTS	FUND
ASSETS			
Cash and Cash Equivalents	\$ 812	\$ -	\$ 350,000
Receivables (net of allowance for uncollectibles)	-	-	-
Due from Other Funds	-	-	-
Prepaid Items	-	-	-
Total Assets	812	-	350,000
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	-	-	-
Bank Overdraft	-	-	-
Accrued Wages Payable	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	-	-	-
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue- Property Taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCE			
Non Spendable:	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Administration-County	-	-	-
Administration- County Clerk	-	-	-
Archives	-	-	-
Health and Welfare	812	-	-
Judicial	-	-	-
Legal	-	-	-
Public Safety	-	-	-
Public Transportation	-	-	-
Committed:			
Administration- County	-	-	350,000
Culture and Recreation	-	-	-
Unassigned:	-	-	-
Total Fund Balances	812	-	350,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 812	\$ -	\$ 350,000

137	140	141	142	145	146	149	150	151	152
KCSO LBSP GRANT	JP IN COURT	COPS GRANT	TXCDBG GRANT 7217077 DISASTER RELIEF	KCSO DONATIONS	CITY DEPUTY	EMS DONATIONS	FEMA GRANT	BISD STUDENT ELECTION WORKERS	TXDOT GRANT/ CTIF -2-255
\$ -	\$ 25	\$ -	\$ -	\$ 4,235	\$ -	\$ 2,936	\$ -	\$ 6,779	\$ -
-	-	-	-	-	-	-	-	576	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	25	-	-	4,235	-	2,936	-	7,355	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	7,355	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,936	-	-	-
-	25	-	-	-	-	-	-	-	-
-	-	-	-	4,235	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	25	-	-	4,235	-	2,936	-	7,355	-
\$ -	\$ 25	\$ -	\$ -	\$ 4,235	\$ -	\$ 2,936	\$ -	\$ 7,355	\$ -

KINNEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

	153	154	155	156
			COVID 19	BODY
	LCRA	LBSP	GRANT	ARMOR
	GRANT	3667603	4156201	GRANT
				3780102
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	-	-	-	-
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	-	-	-	-
Bank Overdraft	-	-	-	-
Accrued Wages Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	-	-	-	-
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenue- Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCE				
Non Spendable:	-	-	-	-
Prepaid Items	-	-	-	-
Restricted For:				
Administration-County	-	-	-	-
Administration- County Clerk	-	-	-	-
Archives	-	-	-	-
Health and Welfare	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public Safety	-	-	-	-
Public Transportation	-	-	-	-
Committed:				
Administration- County	-	-	-	-
Culture and Recreation	-	-	-	-
Unassigned:	-	-	-	-
Total Fund Balances	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ -

159	160	161	162	163	167	169
COUNTY CONSTABLE	AMERICAN RESCUE PLAN ACT	LBSP 3667604	SW BORDER RURAL LE	DONATIONS / KC BORDER SECURITY	3753703 HLS LETPA	4381601 BODY WORN CAMERAS
\$ 750	\$ 301,338	\$ -	\$ 16,166	\$ 4,974	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
750	301,338	-	16,166	4,974	-	-
-	1,063	-	40	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,063	-	40	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	300,275	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
750	-	-	16,126	4,974	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
750	300,275	-	16,126	4,974	-	-
\$ 750	\$ 301,338	\$ -	\$ 16,166	\$ 4,974	\$ -	\$ -

KINNEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

171 172 174

	LEPC/TCEQ	TXCDBG CFP22-0169	BOND COMMISSON
ASSETS			
Cash and Cash Equivalents	\$ 41,349	\$ -	\$ 19,985
Receivables (net of allowance for uncollectibles)	-	-	-
Due from Other Funds	-	-	-
Prepaid Items	-	-	-
Total Assets	41,349	-	19,985
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	685	-	-
Bank Overdraft	-	-	-
Accrued Wages Payable	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	685	-	-
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue- Property Taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCE			
Non Spendable:	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Administration-County	-	-	-
Administration- County Clerk	-	-	-
Archives	-	-	-
Health and Welfare	-	-	-
Judicial	-	-	19,985
Legal	-	-	-
Public Safety	40,664	-	-
Public Transportation	-	-	-
Committed:			
Administration- County	-	-	-
Culture and Recreation	-	-	-
Unassigned:	-	-	-
Total Fund Balances	40,664	-	19,985
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,349	\$ -	\$ 19,985

89/119/123/ 134/136/138/ 139/166/170 OPERATION STONE GARDEN	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 57,967	\$ 1,160,390
39,488	46,730
	7,554
-	1,025
97,455	1,215,699
3,746	11,123
	-
11,709	11,709
31,683	98,860
47,138	121,692
-	-
-	-
-	-
-	131,920
-	103,497
-	-
-	303,313
-	76,583
-	9,149
-	124,405
-	-
-	356,213
-	4,137
50,317	(15,210)
50,317	1,094,007
\$ 97,455	\$ 1,215,699

KINNEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

	11	12	13	14	15	16
	RM&P	DISTRICT				
	VARIOUS	CLERK	LAW	RECORD	HOT	COMMUNITY
	COUNTY	RM&P	LIBRARY	PRESERVATION	CHECK	DEVELOPMENT
	OFFICES					
REVENUES						
Taxes						
Intergovernmental						
Charges for Services			525	10,838	2	
Fines & Forfeitures						
Interest						3,969
Miscellaneous						
Total Revenues	\$ -	\$ -	\$ 525	\$ 10,838	\$ 2	\$ 3,969
EXPENDITURES						
Current:						
General Administration				15,211		
Judicial						
Legal						
Public Safety						
Public Transportation						
Culture and Recreation						
Health and Welfare						
Public Facilities						
Capital Projects:						
Capital Outlay and Other						
Total Expenditures	-	-	-	15,211	-	-
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	-	-	525	(4,373)	2	3,969
OTHER FINANCING SOURCES (USES):						
Transfers In						
Transfers Out						
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change In Fund Balance	-	-	525	(4,373)	2	3,969
Fund Balances- Beginning	2,000	2,152	8,622	7,952	-	85,403
Fund Balances- Ending	2,000	2,152	9,147	3,579	2	89,372

21 RECORD MANAGEMENT AND PRES- ERVATION	22 COURTHOUSE SECURITY	26 CONTINUING EDUCATION CONSTABLE	31 STRAC EMS GRANT	33 JP TECHNOLOGY FUND	38 SHERIFF CONTINUING EDUCATION	42 KINNEY COUNTY HISTORICAL COMMISSION CONTRIBUTIONS
			19,544		1,705	
1,290	4,004			906		
	950			2,103		
			55			
\$ 1,290	\$ 4,954	\$ -	\$ 19,599	\$ 3,009	\$ 1,705	\$ -
	7,201			4,498		
			19,599		5,709	
-	7,201	-	19,599	4,498	5,709	-
1,290	(2,247)	-	-	(1,489)	(4,004)	-
-	-	-	-	-	-	-
1,290	(2,247)	-	-	(1,489)	(4,004)	-
4,224	27,094	1,328	-	49,928	11,332	4,137
5,514	24,847	1,328	-	48,439	7,328	4,137

KINNEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

	43	50	60	64	65	66
	RECORD ARCHIVE FEE	INDIGENT HEALTH CARE	ELDERLY NUTRITION	CONTINUING EDUCATION JUDGE	CHAPTER 203 RMP- VAR.	CHAPTER 203 RMP- CLERK
REVENUES						
Taxes						
Intergovernmental			81,473			
Charges for Services	9,030			75		5,275
Fines & Forfeitures						
Interest		49				
Miscellaneous						
Total Revenues	<u>\$ 9,030</u>	<u>\$ 49</u>	<u>\$ 81,473</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 5,275</u>
EXPENDITURES						
Current:						
General Administration	12,349					
Judicial						
Legal						
Public Safety						
Public Transportation						
Culture and Recreation						
Health and Welfare		24,037	233,795			
Public Facilities						
Capital Projects:						
Capital Outlay and Other						
Total Expenditures	<u>12,349</u>	<u>24,037</u>	<u>233,795</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>(3,319)</u>	<u>(23,988)</u>	<u>(152,322)</u>	<u>75</u>	<u>-</u>	<u>5,275</u>
OTHER FINANCING SOURCES (USES):						
Transfers In		20,000	150,000			
Transfers Out						
Total Other Financing Sources (Uses)	<u>-</u>	<u>20,000.00</u>	<u>150,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	<u>(3,319)</u>	<u>(3,988)</u>	<u>(2,322)</u>	<u>75</u>	<u>-</u>	<u>5,275</u>
Fund Balances- Beginning	40,163	6,494	(894)	355	2,470	5,335
Fund Balances- Ending	<u>36,844</u>	<u>2,506</u>	<u>(3,216)</u>	<u>430</u>	<u>2,470</u>	<u>10,610</u>

67	68	69	73	82	83	84	86	90
VITAL STATISTICS PRES- ERVATION	FAMILY PROTECTION	UNCLAIMED FUNDS	ELECTION	LBSP FUND	BORDER STAR JAG	PRE- TRIAL DIVERSION	CONGRSSIONAL LINEBACKER	CIVIL COURT FEES
39			7,966			2,250		
						2,113		
\$ 39	\$ -	\$ -	\$ 7,966	\$ -	\$ -	\$ 4,363	\$ -	\$ -
			10,071			9,819		
-	-	-	10,071	-	-	9,819	-	-
39	-	-	(2,105)	-	-	(5,456)	-	-
			4751					
-	-	-	4,751.00	-	-	-	-	-
39	-	-	2,646	-	-	(5,456)	-	-
527	300	6,213	3,319	7,554	(67,527)	71,809	15	4,730
566	300	6,213	5,965	7,554	(67,527)	66,353	15	4,730

KINNEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	91	92	107	108	110
	DISTRICT	COUNTY AND DISTRICT	FIRE	HEALTHY	TXDBG -
	COURT	COURT	RESCUE	COUNTY	WATER
	CIVIL	TECH	DONATIONS		LINE
					IMPROVEMENTS
REVENUES					
Taxes					
Intergovernmental					404,164
Charges for Services		840			
Fines & Forfeitures					
Interest					
Miscellaneous			1,100	100	
Total Revenues	\$ -	\$ 840	\$ 1,100	\$ 100	\$ 404,164
EXPENDITURES					
Current:					
General Administration					
Judicial					
Legal					
Public Safety					
Public Transportation					
Culture and Recreation					
Health and Welfare				526	
Public Facilities					404,164
Capital Projects:					
Capital Outlay and Other					
Total Expenditures	-	-	-	526	404,164
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	-	840	1,100	(426)	-
OTHER FINANCING SOURCES (USES):					
Transfers In				1000	
Transfers Out					
Total Other Financing Sources (Uses)	-	-	-	1,000.00	-
Net Change In Fund Balance	-	840	1,100	574	-
Fund Balances- Beginning	75	5,067	16,813	238	-
Fund Balances- Ending	75	5,907	17,913	812	-

116	137	140	141	142	145	146	149	150
INVESTMENT FUND	KCSO LBSP GRANT	JP IN COURT	COPS GRANT	TXCDBG GRANT 7217077 DISASTER RELIEF	KCSO DONATIONS	CITY DEPUTY	EMS DONATIONS	FEMA GRANT
	-			20,337				
		216,653 5						
							200	
\$	\$ -	\$ 216,658	\$ -	\$ 20,337	\$ -	\$ -	\$ 200	\$ -
		216,653					1,194	
	-	216,653	-	-	-	-	1,194	-
	-	5	-	20,337	-	-	(994)	-
						88,609		
	-	-	-	-	-	88,609.00	-	-
	-	5	-	20,337	-	88,609	(994)	-
350,000	-	20	-	(20,337)	4,235	(88,609)	3,930	-
350,000	-	25	-	-	4,235	-	2,936	-

KINNEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVENMENTAL FUNDS
 SEPTEMBER 30, 2023

	151	152	153	154	155	156	159
	BISD	TXDOT				BODY	
	STUDENT	GRANT/			COVID 19	ARMOR	
	ELECTION	CTIF	LCRA	LBSP	GRANT	GRANT	COUNTY
	WORKERS	-2-255	GRANT	3667603	4156201	3780102	CONSTABLE
REVENUES							
Taxes							
Intergovernmental		82,075					
Charges for Services							450
Fines & Forfeitures							
Interest							
Miscellaneous	5,930						
Total Revenues	\$ 5,930	\$ 82,075	\$ -	\$ -	\$ -	\$ -	\$ 450
EXPENDITURES							
Current:							
General Administration							
Judicial							
Legal							
Public Safety				379		45,962	
Public Transportation		79,656					
Culture and Recreation							
Health and Welfare							
Public Facilities							
Capital Projects:							
Capital Outlay and Other							
Total Expenditures	-	79,656	-	379	-	45,962	-
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	5,930	2,419	-	(379)	-	(45,962)	450
OTHER FINANCING SOURCES (USES):							
Transfers In		5789			960		
Transfers Out							
Total Other Financing Sources (Uses)	-	5,789.00	-	-	960.00	-	-
Net Change In Fund Balance	5,930	8,208	-	(379)	960	(45,962)	450
Fund Balances- Beginning	1,425	(8,208)	-	379	(960)	45,962	300
Fund Balances- Ending	7,355	-	-	-	-	-	750

160 AMERICAN RESCUE PLAN ACT	161 LBSP 3667604	162 SW BORDER RURAL LE	163 DONATIONS / KC BORDER SECURITY	167 3753703 HLS LETPA	169 4381601 BODY WORN CAMERAS	171 LEPC/TCEQ	172 TXCDBG CFP-0169
		18,580		44,129	5,559	47,084	108,756
			121				
\$ -	\$ -	\$ 18,580	\$ 121	\$ 44,129	\$ 5,559	\$ 47,084	\$ 108,756
388,302							
	22	2,454	-			6,420	108,756
388,302	22	2,454	-	-	-	6,420	108,756
(388,302)	(22)	16,126	121	44,129	5,559	40,664	-
-	-	-	-	-	-	-	-
(388,302)	(22)	16,126	121	44,129	5,559	40,664	-
688,577	22	-	4,853	(44,129)	(5,559)	-	-
300,275	-	16,126	4,974	-	-	40,664	-

KINNEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	174	89/119/123/ 134/136/138/ 139/166/170	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	BOND COMMISSION	OPERATION STONE GARDEN	
REVENUES			
Taxes			\$ -
Intergovernmental		606,996	1,440,402
Charges for Services	20,140		63,630
Fines & Forfeitures			216,653
Interest	20		9,209
Miscellaneous			7,506
Total Revenues	<u>\$ 20,160</u>	<u>\$ 606,996</u>	<u>\$ 1,737,400</u>
EXPENDITURES			
Current:			
General Administration			435,752
Judicial	175		228,527
Legal			-
Public Safety		528,910	719,405
Public Transportation			79,656
Culture and Recreation			-
Health and Welfare			258,358
Public Facilities			404,164
Capital Projects:			
Capital Outlay and Other			-
Total Expenditures	<u>175</u>	<u>528,910</u>	<u>2,125,862</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>19,985</u>	<u>78,086</u>	<u>(388,462)</u>
OTHER FINANCING SOURCES (USES):			
Transfers In		208,842	479,951
Transfers Out		(100,134)	(100,134)
Total Other Financing Sources (Uses)	<u>-</u>	<u>108,708.00</u>	<u>379,817.00</u>
Net Change In Fund Balance	19,985	186,794	(8,645)
Fund Balances- Beginning	-	(136,477)	1,102,652
Fund Balances- Ending	<u>19,985</u>	<u>50,317</u>	<u>1,094,007</u>

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OVERALL COMPLIANCE, INTERNAL CONTROLS
FEDERAL AND STATE AWARDS SECTION

EDE & COMPANY, LLC

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Independent Auditor's Report

County Commissioners
Kinney County, Texas
P.O. Box 1219
Brackettville, TX 78832

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kinney County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Kinney County, Texas's basic financial statements, and have issued our report thereon dated July 19, 2024.

Internal Control Over Financial Reporting

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


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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kinney County, Texas’s 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 determination of financial statement amounts. 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*.

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



Ede & Company, LLC
Certified Public Accountants
Uvalde, Texas

July 19, 2024

EDE & COMPANY, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

County Commissioners
Kinney County, Texas
P.O Box 1219
Brackettville, TX 78832

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

In our opinion, Kinney, County Texas 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 and state programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance* and the *State of Texas Single Audit Circular*, we:

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

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


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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state 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 and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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 in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance* and the *State of Texas Single Audit Circular* , this report is not suitable for any other purpose


Ede & Company, LLC
Certified Public Accountants
Uvalde, Texas

July 19, 2024

**KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's opinion(s) issued: Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section OMB Uniform Guidance §200.516(a) _____yes X no

3. State Awards

Internal control over major programs:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Grant Management Standards _____yes X no

**KINNEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<u>Name of major federal program</u>	<u>ALN Number</u>
FEMA – Fire Prevention & Safety Grant	ALN #97.044
Covid 19 – ARPA Coronavirus State and Local Recovery Funds	ALN #21.027

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000.00

Auditee qualified as low risk? X yes no

Name of major state program

Operation Lone Star

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000.00

Auditee qualified as low risk? X yes no

B. Financial Statement Findings

There were no financial statement findings required to be reported in accordance with Government Auditing Standards.

C. Federal Award Findings and Questioned

There were no federal award findings and question costs required to be reported by the Uniform Guidance, Section 200.516(a).

D. State Award Findings and Questioned

There were no federal award findings and question costs required to be reported by the State of Texas Single Audit Circular Grant Management Standards

**KINNEY COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

There were no prior audit findings relative to federal or state awards; therefore, the summary schedule of prior audit findings is not required.

**KINNEY COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

There are no current year findings; therefore, a corrective action plan is not required.

KINNEY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor Pass-Through Grantor Program Title	Federal Award Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Direct Program			
COVID-19 -ARPA Coronavirus State and Local Fiscal Recovery Funds	21.027		388,302
Total ALN 21.027			<u>388,302</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>388,302</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
<u>Pass through Texas Department of Agriculture</u>			
Community Development Block Grant	14.228		\$ 404,164
Total ALN 14.228			<u>404,164</u>
Total Passed Through Texas Department of Agriculture			<u>404,164</u>
<u>Passed through Middle Rio Grande Development Council</u>			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		3,264
Total ALN 93.044			<u>3,264</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		47,352
Total ALN 93.045			<u>47,352</u>
Total Passed Through Middle Rio Grande Development Council			<u>50,616</u>
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>454,780</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Direct Program</u>			
Homeland Security Grant Program			
FEMA - Fire Prevention & Safety Grant	97.044		336,300
Total ALN 97.044			<u>336,300</u>
Stonegarden FY 21	97.067		257,257
Stonegarden FY 22	97.067		271,652
Total ALN 97.067			<u>528,909</u>
Emergency Management Performance Grants			
Disaster Grant -Public Assistance	97.036		12,198
Total ALN 97.036			<u>12,198</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>877,407</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,720,489</u></u>

See Notes Schedule of Federal Awards

KINNEY COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Pass-Through Grantor Grantor Agency/Program Title	Grant Contract Number	Expenditures
OFFICE OF THE TEXAS GOVERNORS OFFICE		
Southwest Border Rural Law Enforcement Assistance Program		2,454
Operation Lonestar		2,615,228
Body-Worn Camera Grant Program, FY2022		45,962
TOTAL OFFICE OF THE TEXAS GOVERNORS OFFICE		2,663,644
TEXAS COMMISSION ON ENVIORNMENTAL QUALITY		
Texas Local Emergency Planning Committee		6,420
TOTAL TEXAS COMMISSION ON ENVIORNMENTAL QUALITY		6,420
TOTAL EXPENDITURES OF STATE AWARDS		\$ 2,670,064

KINNEY COUNTY
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS FOR THE
YEAR ENDED SEPTEMBER 30, 2023

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedules) includes the federal and state award activity of Kinney County, Texas under programs of the federal and state government for the year ended September 30, 2022. The information in these Schedules is presented in accordance the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Circular*. Because the Schedules presents only a selected portion of the operations of Kinney County, Texas, they are not intended to and do not present the financial position, changes in net assets, or cash flows of Kinney County, Texas.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, the State Single Audit Circular wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C-INDIRECT COST RATE

Kinney County, Texas has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.