

FREESTONE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023



Davis, Heinemann & Company, P.C.

Certified Public Accountants

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Introductory Section

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Freestone 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

To the Commissioners' Court
Freestone County, Texas
118 East Commerce
Fairfield, Texas 75840

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Freestone 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. 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 Freestone 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 Freestone County, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Freestone County, Texas' basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements are the responsibility of management and were derived from and relate 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 financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information as identified in the table of contents comprises the information included in the annual report 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Davis, Heinemann & Co.".

Davis, Heinemann & Company, P.C.

Huntsville, Texas
August 16, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Freestone 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 net position was \$15,597,121 at September 30, 2023.
- During the year, the County's expenses were \$1,278,802 less than the \$15,108,569 generated in taxes, charges for services, operating grants and other revenues for governmental activities.
- The total cost of the County's programs was \$13,829,767.
- The general fund reported a fund balance this year of \$11,182,850.

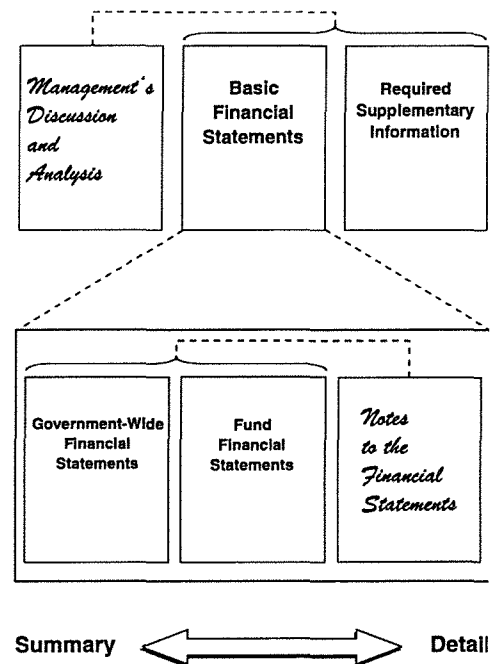
OVERVIEW OF THE FINANCIAL STATEMENTS

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 provide information on the financing of *general government* services 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 detail. Following the statements is a section of *required supplementary information* that further explains and supports information in the financial statements. Figure A-1 shows the arrangement of the required parts of the annual report and the relationship 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. 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 the change. 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 is 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.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as public service, public safety, public transportation, and general administration. Property taxes, charges for services and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detail information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and when applicable by bond covenants.
- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detail *short-term* view that helps management determine whether there are more or fewer financial resources available to finance the County's programs in the near future. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position.

The County's combined net position was \$15,597,121 at September 30, 2023. (See Table A-1). Cash and cash equivalents increased \$197.6 thousand from the prior year. The increase was primarily due to the maturity of a \$500.0 thousand certificate of deposit, partially offset by operating activity. Capital assets increased \$1,106.4 thousand, primarily due to the purchase of land and vehicles. The County ended the year with a net pension liability of \$3,176.1 thousand, compared to a net pension asset of \$1,090.4 thousand in the prior year. Deferred inflows related to pensions decreased by \$4,385.3 thousand.

Table A-1
Freestone County's Net Position
(In thousand of dollars)

	Governmental Activities		Total Change
	2023	2022	2023-2022
Current Assets:			
Cash and Cash Equivalents	\$ 7,489.3	\$ 7,291.7	\$ 197.6
Short-Term Investments	9,000.0	9,500.0	(500.0)
Property Taxes Receivable	1,083.9	936.3	147.6
Fines and Fees Receivable	1,736.1	1,759.7	(23.6)
Intergovernmental Receivables	287.3	100.9	186.4
Other Receivables	47.6	0.1	47.5
Prepaid Expenses	65.2	55.5	9.7
Total Current Assets:	<u>19,709.4</u>	<u>19,644.2</u>	<u>65.2</u>
Non-Current Assets:			
Net Pension Asset	-	1,090.4	(1,090.4)
Capital Assets	17,724.8	16,618.4	1,106.4
Less Accumulated Depreciation	<u>(11,760.9)</u>	<u>(11,218.5)</u>	<u>(542.4)</u>
Total Non-Current Assets	<u>5,963.9</u>	<u>6,490.3</u>	<u>(526.4)</u>
Total Assets	<u>25,673.3</u>	<u>26,134.5</u>	<u>(461.2)</u>
Deferred Outflows of Resources:			
Deferred Outflows Related to Pension Contributions	634.0	640.1	(6.1)
Deferred Outflows Related to OPEB Contributions	10.1	10.6	(0.5)
Deferred Outflows Related to Pensions	608.2	548.1	60.1
Deferred Outflows Related to OPEB	<u>136.9</u>	<u>199.5</u>	<u>(62.6)</u>
Total Deferred Outflows of Resources	<u>1,389.2</u>	<u>1,398.3</u>	<u>(9.1)</u>
Current Liabilities:			
Accounts Payable and Accrued Liabilities	570.6	645.0	(74.4)
Due to Others	119.5	72.1	47.4
Unearned Revenue	3,347.5	3,829.5	(482.0)
Current Portion of Long-Term Liabilities	<u>105.2</u>	<u>59.0</u>	<u>46.2</u>
Total Current Liabilities	<u>4,142.8</u>	<u>4,605.6</u>	<u>(462.8)</u>
Long-Term Liabilities:			
Notes, Leases and SBITAs Payable	19.1	10.7	8.4
Compensated Absences	65.6	81.3	(15.7)
Net Pension Liability	3,176.1	-	3,176.1
Net OPEB Liability	<u>2,460.2</u>	<u>2,404.8</u>	<u>55.4</u>
Total Long-Term Liabilities	<u>5,721.0</u>	<u>2,496.8</u>	<u>3,224.2</u>
Total Liabilities	<u>9,863.8</u>	<u>7,102.4</u>	<u>2,761.4</u>
Deferred Inflows of Resources:			
Deferred Inflows Related to Pensions	106.5	4,491.8	(4,385.3)
Deferred Inflows Related to OPEB	<u>1,495.1</u>	<u>1,620.3</u>	<u>(125.2)</u>
Total Deferred Inflows of Resources	<u>1,601.6</u>	<u>6,112.1</u>	<u>(4,510.5)</u>
Net Position:			
Net Investment in Capital Assets	5,839.6	5,330.1	509.5
Restricted	1,668.9	1,612.1	56.8
Unrestricted	<u>8,088.6</u>	<u>7,376.1</u>	<u>712.5</u>
Total Net Position	<u>\$ 15,597.1</u>	<u>\$ 14,318.3</u>	<u>\$ 1,278.8</u>

Changes in net position.

The County's total revenues were \$15,108,569. A significant portion, seventy-four (74) percent of the County's revenue comes from property tax, fourteen (14) percent comes from charges for services, while twelve (12) percent relates to operating grants, intergovernmental revenue, investment earnings and other income.

The total cost of all programs and services was \$13,829,767; twenty-five (25) percent of these costs are for public safety, twenty-one (21) percent are for public transportation, twenty-seven (27) percent are for general and financial administration, eleven (11) percent are for judicial and elections, and the remaining sixteen (16) percent are for various county services and intergovernmental county costs (See Table A-2).

Governmental Activities

Table A-2
Changes in Freestone County's Net Position
(In thousand of dollars)

	Governmental Activities		Change
	2023	2022	2023-2022
Program Revenues:			
Charges for Services	\$ 2,115.8	\$ 2,120.6	\$ (4.8)
Operating Grants and Contributions	1,118.3	553.2	565.1
General Revenues:			
Property Taxes	11,147.7	9,600.5	1,547.2
Investment Earnings	542.8	180.5	362.3
Gain on Sale of Capital Assets	3.6	100.3	(96.7)
Other	180.4	270.7	(90.3)
Total Revenues	15,108.6	12,825.8	2,282.8
Program Expenses:			
General Administration	2,873.8	1,963.1	910.7
Financial Administration	926.1	782.7	143.4
Public Safety	3,453.8	3,178.4	275.4
Judicial and Elections	1,562.7	1,332.8	229.9
Health and Welfare	516.6	489.8	26.8
Public Transportation	2,960.0	3,144.7	(184.7)
Intergovernmental Expenditures	1,467.9	706.8	761.1
Waste Disposal	68.9	70.0	(1.1)
Total Expenses	13,829.8	11,668.3	2,161.5
Change in Net Position	1,278.8	1,157.5	121.3
Beginning Net Position	14,318.3	13,160.8	1,157.5
Ending Net Position	<u>\$ 15,597.1</u>	<u>\$ 14,318.3</u>	<u>\$ 1,278.8</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

General Fund Budgetary Highlights

Actual expenditures in the General Fund were \$1,304,2 thousand less than final budget amounts. Public Safety expenditures were lower primarily due to lower salaries and benefits and lower inmate housing and indigent healthcare costs than budgeted. General Administration expenditures were lower than budgeted primarily due to lower capital expenditures than budgeted and contingency expenditures not spent. Intergovernmental expenditures were lower due

to lower grant and capital expenditures than budgeted. Financial administration expenditures were \$166.2 thousand more than budgeted due to recognizing expenditures for lease assets and subscription-based information technology arrangements.

On the other hand, amounts available for appropriation were \$342.3 thousand more than final budget amounts. This was primarily the result of higher interest income than budgeted and higher grant revenue than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2023, the County had invested \$17,724.8 thousand in a broad range of capital assets, including infrastructure, buildings and improvements, equipment, and vehicles (See Table A-3).

Table A-3
Freestone County's Capital Assets
(In thousand of dollars)

	Governmental Activities		Change
	2023	2022	2023-2022
Capital Assets			
Land	\$ 602.5	\$ 98.7	\$ 503.8
Construction in Progress	104.6	48.5	56.1
Right-to-Use Assets	45.1	26.2	18.9
SBITA Assets	207.0	-	207.0
Roads and Bridges	1,780.2	1,735.9	44.3
Buildings and Improvements	7,076.4	7,058.9	17.5
Vehicles	2,365.4	2,197.7	167.7
Machinery and Equipment	4,288.4	4,228.8	59.6
Furniture and Equipment	1,255.2	1,223.7	31.5
Totals at Historical Cost	17,724.8	16,618.4	1,106.4
Total Accumulated Depreciation	(11,760.9)	(11,218.5)	(542.4)
Net Capital Assets	\$ 5,963.9	\$ 5,399.9	\$ 564.0

Long-Term Debt

As of September 30, 2023, the County had outstanding debt as shown in Table A-4. More information about the County's debt is in the notes to the financial statements.

Table A-4
Freestone County's Long-Term Debt
(In thousand of dollars)

	Governmental		Change
	2023	2022	2023-2022
Debt Payable			
Notes Payable	\$ -	\$ 46.7	\$ (46.7)
Right-to-Use Assets Lease	27.0	23.0	4.0
SBITA Liability	97.3	-	97.3
Compensated Absences	65.6	81.3	(15.7)
Net Pension Liability	3,176.1	-	3,176.1
Total OPEB Liability	2,460.2	2,404.8	55.4
Total Long-Term Debt	\$ 5,826.2	\$ 2,555.8	\$ 3,270.4

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- The General Fund revenues for fiscal year 2023-2024 are expected to increase by about \$481,000, or five (5) percent from the prior year. Ad valorem taxes are forecasted to increase \$367,000 due to higher valuations on existing property and the addition of new property. In addition, expenditures for the General Fund are budgeted to decrease by about \$950,000, or eight (8) percent from the prior year. The primary decrease in expenditures is lower salaries and benefits for the sheriff department, lower indigent care expenditures, capital outlay expenditures, and grant expenditures for volunteer fire departments. The General Fund also budgeted to transfer \$725,000 to various funds while also receiving \$60,000 in transfers from other funds in the 2023-2024 fiscal year. If these estimates are realized, the General Fund fund balance is projected to decrease nearly \$675,000 for fiscal year 2023-2024.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the County Auditor at 118 E. Commerce, Room 209, Fairfield, Texas 75840.

Basic Financial Statements

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

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 7,489,310
Investments	9,000,000
Taxes Receivable	1,083,850
Accounts Receivable	47,617
Due from Other Governments	287,343
Fines and Fees Receivable	1,736,115
Prepaid Items	65,151
Land	602,525
Construction in Progress	104,562
Other Capital Assets, Net of Accumulated Depreciation	5,256,789
Total Assets	<u><u>25,673,262</u></u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows - OPEB Contributions	10,070
Deferred Outflows - Pension Contributions	634,022
Deferred Outflows - Other Pension	608,224
Deferred Outflows - OPEB	136,925
Total Deferred Outflows of Resources	<u><u>1,389,241</u></u>
LIABILITIES:	
Accounts Payable	309,746
Due to Others	119,542
Accrued Liabilities	260,847
Unearned Revenue	3,347,524
Noncurrent Liabilities	
Due Within One Year	105,227
Due in More Than One Year	84,651
Net Pension Liability	3,176,133
Net OPEB Liability	2,460,153
Total Liabilities	<u><u>9,863,823</u></u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows - Pension	106,527
Deferred Inflows - OPEB	1,495,032
Total Deferred Inflows of Resources	<u><u>1,601,559</u></u>
NET POSITION:	
Net Investment in Capital Assets	5,839,554
Restricted For:	
Special Revenue	1,668,912
Unrestricted	8,088,655
Total Net Position	<u><u>\$ 15,597,121</u></u>

The accompanying notes are an integral part of this statement.

FREESTONE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT:				
Governmental Activities:				
General Administration	\$ 2,873,839	\$ 584,789	\$ 89,544	\$ (2,199,506)
Financial Administration	926,057	277,822	-	(648,235)
Public Safety	3,453,767	68,283	305,321	(3,080,163)
Judicial	1,562,718	152,748	36,184	(1,373,786)
Health and Welfare	516,592	12,715	143,404	(360,473)
Public Transportation	2,959,982	657,332	81,666	(2,220,984)
Intergovernmental Expenditures	1,467,864	325,929	462,145	(679,790)
Waste Disposal	68,948	36,152	-	(32,796)
Total Governmental Activities	<u>13,829,767</u>	<u>2,115,770</u>	<u>1,118,264</u>	<u>(10,595,733)</u>
Total Primary Government	<u>\$ 13,829,767</u>	<u>\$ 2,115,770</u>	<u>\$ 1,118,264</u>	<u>(10,595,733)</u>
General Revenues:				
Property Taxes				11,147,689
Interest and Royalty Income				542,844
Other Income				180,425
Gain/Loss on Sale of Capital Assets				3,577
Total General Revenues				<u>11,874,535</u>
Change in Net Position				1,278,802
Net Position - Beginning				14,318,319
Net Position - Ending				<u>\$ 15,597,121</u>

The accompanying notes are an integral part of this statement.

FREESTONE COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Road and Bridge Fund Precinct 1</u>	<u>Road and Bridge Fund Precinct 2</u>
ASSETS AND OTHER DEBITS			
Assets:			
Cash and Cash Equivalents	\$ 2,298,955	\$ 389,697	\$ 221,998
Investments	9,000,000	-	-
Taxes Receivable	836,986	61,716	61,716
Accounts Receivable	1,008	-	40,743
Due from Other Funds	500	-	-
Due from Other Governments	287,343	-	-
Prepaid Items	65,151	-	-
Total Assets	<u>\$ 12,489,943</u>	<u>\$ 451,413</u>	<u>\$ 324,457</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 248,145	\$ 11,425	\$ 4,516
Accrued Liabilities	206,111	6,632	9,299
Due to Other Funds	-	-	-
Due to Others	-	-	-
Unearned Revenue	15,851	-	-
Total Liabilities	<u>470,107</u>	<u>18,057</u>	<u>13,815</u>
Deferred Inflows of Resources:			
Deferred Inflows - Property Taxes	836,986	61,716	61,716
Total Deferred Inflows of Resources	<u>836,986</u>	<u>61,716</u>	<u>61,716</u>
Fund Balances:			
Nonspendable	65,151	-	-
Restricted			
Special Revenue	-	371,640	248,926
Unassigned	11,117,699	-	-
Total Fund Balance	<u>11,182,850</u>	<u>371,640</u>	<u>248,926</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 12,489,943</u>	<u>\$ 451,413</u>	<u>\$ 324,457</u>

The accompanying notes are an integral part of this statement.

Road and Bridge Fund Precinct 3	Road and Bridge Fund Precinct 4	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
\$ 208,224	\$ 437,373	\$ 3,483,854	\$ 449,209	\$ 7,489,310
-	-	-	-	9,000,000
61,716	61,716	-	-	1,083,850
-	-	-	5,866	47,617
-	-	-	-	500
-	-	-	-	287,343
-	-	-	-	65,151
<u>\$ 269,940</u>	<u>\$ 499,089</u>	<u>\$ 3,483,854</u>	<u>\$ 455,075</u>	<u>\$ 17,973,771</u>
\$ 12,674	\$ 8,246	\$ -	\$ 24,740	\$ 309,746
10,601	8,564	-	19,640	260,847
-	-	-	500	500
-	-	-	119,542	119,542
-	-	3,331,673	-	3,347,524
<u>23,275</u>	<u>16,810</u>	<u>3,331,673</u>	<u>164,422</u>	<u>4,038,159</u>
61,716	61,716	-	-	1,083,850
<u>61,716</u>	<u>61,716</u>	<u>-</u>	<u>-</u>	<u>1,083,850</u>
-	-	-	-	65,151
184,949	420,563	152,181	290,653	1,668,912
-	-	-	-	11,117,699
<u>184,949</u>	<u>420,563</u>	<u>152,181</u>	<u>290,653</u>	<u>12,851,762</u>
<u>\$ 269,940</u>	<u>\$ 499,089</u>	<u>\$ 3,483,854</u>	<u>\$ 455,075</u>	<u>\$ 17,973,771</u>

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

Total fund balances - governmental funds balance sheet	\$ 12,851,762
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	5,963,877
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,083,850
Payables for compensated absences which are not due in the current period are not reported in the funds.	(65,556)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	1,736,115
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	(3,176,133)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(106,527)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,242,246
Recognition of the County's proportionate share of the net OPEB liability is not reported in the funds.	(2,460,153)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(1,495,032)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	146,995
Right-to-use lease assets used in governmental activities are not reported in the funds.	(27,004)
Subscription assets used in governmental activities are not reported in the funds.	<u>(97,319)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 15,597,121</u>

The accompanying notes are an integral part of this statement.

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FREESTONE COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund Precinct 1	Road and Bridge Fund Precinct 2
Revenue:			
Property Taxes	\$ 8,621,750	\$ 594,603	\$ 594,603
Intergovernmental	513,438	4,340	77,326
Charges for Services	920,515	164,333	164,333
Waste Disposal	36,152	-	-
Interest and Royalty Income	381,934	11,175	1,645
Other	438,978	824	1,911
Total Revenues	<u>10,912,767</u>	<u>775,275</u>	<u>839,818</u>
Expenditures:			
General Administration	2,952,898	-	-
Financial Administration	1,133,357	-	-
Public Safety	3,521,074	-	-
Judicial	1,534,828	-	-
Health and Welfare	514,581	-	-
Public Transportation	-	784,947	816,907
Intergovernmental Expenditures	988,540	-	-
Waste Disposal	60,636	-	-
Total Expenditures	<u>10,705,914</u>	<u>784,947</u>	<u>816,907</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>206,853</u>	<u>(9,672)</u>	<u>22,911</u>
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	(42,973)	-	-
Lease and SBITA Proceeds	225,776	-	-
Sale of Capital Assets	3,600	-	-
Total Other Financing Sources (Uses)	<u>186,403</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	393,256	(9,672)	22,911
Fund Balances - Beginning	10,789,594	381,312	226,015
Fund Balances - Ending	<u>\$ 11,182,850</u>	<u>\$ 371,640</u>	<u>\$ 248,926</u>

The accompanying notes are an integral part of this statement.

Road and Bridge Fund Precinct 3	Road and Bridge Fund Precinct 4	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
\$ 594,604	\$ 594,603	\$ -	\$ -	\$ 11,000,163
-	-	497,795	10,123	1,103,022
164,333	164,333	-	172,573	1,750,420
-	-	-	-	36,152
1,509	1,911	143,171	1,499	542,844
1,358	10,479	-	94,877	548,427
<u>761,804</u>	<u>771,326</u>	<u>640,966</u>	<u>279,072</u>	<u>14,981,028</u>
-	-	35,650	383,525	3,372,073
-	-	-	-	1,133,357
-	-	-	18,830	3,539,904
-	-	-	77,817	1,612,645
-	-	-	13,839	528,420
881,734	586,501	-	-	3,070,089
-	-	462,145	-	1,450,685
-	-	-	-	60,636
<u>881,734</u>	<u>586,501</u>	<u>497,795</u>	<u>494,011</u>	<u>14,767,809</u>
<u>(119,930)</u>	<u>184,825</u>	<u>143,171</u>	<u>(214,939)</u>	<u>213,219</u>
-	-	-	42,973	42,973
-	-	-	-	(42,973)
-	-	-	-	225,776
7,500	-	-	-	11,100
<u>7,500</u>	<u>-</u>	<u>-</u>	<u>42,973</u>	<u>236,876</u>
<u>(112,430)</u>	<u>184,825</u>	<u>143,171</u>	<u>(171,966)</u>	<u>450,095</u>
297,379	235,738	9,010	462,619	12,401,667
<u>\$ 184,949</u>	<u>\$ 420,563</u>	<u>\$ 152,181</u>	<u>\$ 290,653</u>	<u>\$ 12,851,762</u>

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

Net change in fund balances - total governmental funds	\$ 450,095
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,213,282
The depreciation of capital assets used in governmental activities is not reported in the funds.	(641,744)
The gain or loss on the sale of capital assets is not reported in the funds.	3,577
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(11,100)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	147,526
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(23,562)
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	124,479
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	46,676
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	15,777
Proceeds of right-to-use leases do not provide revenue in the SOA, but are reported as resources in the funds.	(225,776)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	172,669
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>6,903</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,278,802</u>

The accompanying notes are an integral part of this statement.

FREESTONE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 2,441,105
Total Assets	<u>\$ 2,441,105</u>
LIABILITIES:	
Due to Others	\$ 1,403,965
Due to Other Governments	1,037,140
Total Liabilities	<u>\$ 2,441,105</u>

The accompanying notes are an integral part of this statement.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Significant Accounting Policies

The combined financial statements of Freestone County, Texas (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

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

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses in the statement of activities. 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.

Fund Financial Statements: The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Road and Bridge Funds. These funds are designated by the County as major for fiscal year 2023. These funds account for the costs associated with the construction and maintenance of roads and bridges. Revenues are derived mainly from ad-valorem taxes, intergovernmental revenues, and fees and fines.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

American Rescue Plan Fund. This fund accounts for grant funds received under the American Rescue Plan Act, and are used for various improvements, supplies and materials, equipment, and other expenditures allowed by the grant terms.

In addition, the County reports the following fund types:

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in 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. Property tax revenues are considered available when they become due or past due and receivable within the current period.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

b. Inventories and Prepaid Items

Inventories on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Buildings	50
Building Improvements	5-20
Vehicles	5-10
Office Equipment	5-7
Computer Equipment	5-7
Right-to-use Lease Assets	2-5
Right-to-use Subscription Assets	2

d. Receivable and Payable Balances

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to or deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

f. Other Post-Employment Benefits (OPEB)

The total OPEB liability of the Texas County and District Retirement System (TCERS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

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

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the Commissioners' Court removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners' Court. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

i. **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

B. Compliance and Accountability

1. **Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. **Deficit Fund Balance or Fund Net Position of Individual Funds**

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

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

Cash Deposits:

At September 30, 2023, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$13,184,727 and the bank balance was \$13,469,723. The County's cash deposits at September 30, 2023 and during the year ended September 30, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The County also holds funds in TexPool, a public funds investment pool. The balance at September 30, 2023 was \$5,743,668, and is classified as cash equivalents in the financial statements.

Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County's investments at September 30, 2023, are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Rate</u>	<u>Book Value</u>
Certificate of Deposit	11/21/2023	4.15%	\$ 1,000,000
Certificate of Deposit	12/17/2023	4.15%	500,000
Certificate of Deposit	01/09/2024	5.25%	1,000,000
Certificate of Deposit	01/09/2024	4.25%	1,000,000
Certificate of Deposit	01/10/2024	5.25%	1,000,000
Certificate of Deposit	01/21/2024	4.25%	1,000,000
Certificate of Deposit	01/21/2024	4.25%	500,000
Certificate of Deposit	01/21/2024	4.25%	1,000,000
Certificate of Deposit	01/24/2024	4.25%	500,000
Certificate of Deposit	01/24/2024	4.25%	500,000
Certificate of Deposit	01/24/2024	4.25%	500,000
Certificate of Deposit	01/24/2024	4.25%	500,000
Total Investments			\$ <u>9,000,000</u>

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy above.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County presently has no recurring fair value measurements.

Analysis of Specific Deposit and Investment Risks:

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

Investment Accounting Policy:

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

Public Funds Investment Pools

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

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 98,670	\$ 503,855	\$ -	\$ 602,525
Construction in Progress	48,500	56,062	-	104,562
Total Capital Assets Not Being Depreciated	<u>147,170</u>	<u>559,917</u>	<u>-</u>	<u>707,087</u>
Capital Assets Being Depreciated:				
Right-to-Use Assets	26,250	18,800	-	45,050
SBITA Assets	-	206,976	-	206,976
Road and Bridges	1,735,851	44,378	-	1,780,229
Buildings and Improvements	7,058,933	17,491	-	7,076,424
Furniture and Equipment	1,223,698	31,450	-	1,255,148
Machinery and Heavy Equipment	4,228,752	69,709	10,031	4,288,430
Vehicles	2,197,741	264,561	96,866	2,365,436
Total Capital Assets Being Depreciated	<u>16,471,225</u>	<u>653,365</u>	<u>106,897</u>	<u>17,017,693</u>
Less Accumulated Depreciation for:				
Right-to-Use Assets	(3,281)	(15,318)	-	(18,599)
SBITA Assets	-	(111,296)	-	(111,296)
Road and Bridges	(367,035)	(43,953)	-	(410,988)
Buildings and Improvements	(4,760,001)	(121,682)	-	(4,881,683)
Furniture and Equipment	(876,487)	(74,100)	-	(950,587)
Machinery and Heavy Equipment	(3,153,698)	(190,266)	(2,508)	(3,341,456)
Vehicles	(2,058,032)	(85,129)	(96,866)	(2,046,295)
Total Accumulated Depreciation	<u>(11,218,534)</u>	<u>(641,744)</u>	<u>(99,374)</u>	<u>(11,760,904)</u>
Total Capital Assets Being Depreciated, Net	<u>5,252,691</u>	<u>11,621</u>	<u>7,523</u>	<u>5,256,789</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,399,861</u>	<u>\$ 571,538</u>	<u>\$ 7,523</u>	<u>\$ 5,963,876</u>

Depreciation was charged to functions as follows:

General Government	\$ 171,320
Finance	123,230
Judicial	9,468
Health and Welfare	973
Public Safety	61,803
Public Transportation	251,138
Waste Disposal	6,633
Intergovernmental	17,179
	<u>\$ 641,744</u>

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

E. Interfund Balances and Activity

1. Due To and From Other Funds

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 500	Short-term loans
	Total	\$ 500	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

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

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Other Governmental Funds	\$ 42,973	Supplement other funds sources
	Total	\$ 42,973	

F. Long-Term Obligations

1. Long-Term Obligation Activity

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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
Notes from Direct Borrowings and Direct Placements	\$ 46,676	\$ -	\$ 46,676	\$ -	\$ -
Lease liability	23,025	18,800	14,822	27,003	14,208
Subscriptions liability	-	206,976	109,657	97,319	91,019
Net pension liability *	(1,090,431)	5,775,794	1,509,230	3,176,133	-
Total OPEB liability *	2,404,831	133,541	78,219	2,460,153	-
Compensated absences *	81,333	-	15,777	65,556	-
Claims and judgments *	-	-	-	-	-
Total governmental activities	\$ 1,465,434	\$ 6,135,111	\$ 1,774,381	\$ 5,826,164	\$ 105,227

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General Fund
Net pension liability	Governmental	General Fund
Total OPEB liability	Governmental	General Fund

The County entered into a note with Government Capital Corporation in February, 2020. The note was for the purchase of a wheel loader, which is the security interest for the note. The note calls for yearly payments of \$30,954 and bears an interest rate 3.69%. The note matured in March, 2023.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

The County entered into a note with Government Capital Corporation in March, 2021. The note was for the purchase of a John Deere Skid Steer Track Loader, which is the security interest for the note. The note calls for yearly payments of \$17,378 and bears an interest rate 3.292%. The note matured in March, 2023.

G. Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Leases

The County entered into a lease in July, 2022, for computer hardware used to run the tax assessor-collector software program. The lease has quarterly payments of \$3,225 for the first year and \$3,668 the second year, and an implied interest rate of 5.50% for eight (8) quarters. The original lease liability was calculated to be \$26,250.

The County entered into a lease in February, 2023, for postage machine hardware used. The lease has quarterly payments of \$1,082 and an implied interest rate of 5.50% for twenty (20) quarters. The original lease liability was calculated to be \$18,800.

Future lease payment maturity schedule is as follows:

Year ended September 30,	Principal	Interest	Total
2024	\$ 14,208	\$ 1,121	\$ 15,329
2025	3,698	628	4,326
2026	3,905	421	4,326
2027	4,125	201	4,326
2028	1,067	14	1,081
	<u>\$ 27,003</u>	<u>\$ 2,385</u>	<u>\$ 29,388</u>

Subscription-Based Information Technology Arrangements (SBITAs)

The County entered into a SBITA in July, 2022, for the tax assessor-collector software program. The SBITA has quarterly payments of \$28,475 for the first year and \$28,817 the second year, and an implied interest rate of 5.50% for eight (8) quarters. The original SBITA liability was calculated to be \$192,684.

The County entered into a SBITA in July, 2023, for the Law Library reference software. The SBITA has monthly payments of \$615 and an implied interest rate of 5.50% for twenty-four (24) months. The original SBITA liability was calculated to be \$14,292.

Future SBITA payment maturity schedule is as follows:

Year ended September 30,	Principal	Interest	Total
2024	\$ 91,019	\$ 2,879	\$ 93,898
2025	6,300	161	6,461
	<u>\$ 97,319</u>	<u>\$ 3,040</u>	<u>\$ 100,359</u>

H. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023, the County joined with governmental entities in the State and participated in the Texas Association of Counties Risk Management Pool ("the Pool"). The Pool is administered by the Texas Association of Counties (TAC). The County obtained general liability, property, public officials' liability, law enforcement professional liability, auto physical damage, auto liability, and workers' compensation coverage at a cost that is considered to be economically justifiable. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. Pension Plan

1. Plan Description

The County participates in a nontraditional defined benefit pension plan, Texas County and District Retirement System (TCDRS), that provides pensions for all its eligible employees. The TCDRS Board of Trustees is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 849 participating employers. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034 Austin, Texas, 78768.

All full and part-time, non-temporary employees of the County are required to participate in TCDRS.

2. Benefits Provided

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

Benefit amounts are determined by the employee's contribution to the plan, with interest, and employer financed monetary credits. The level of these monetary credits is adopted by the Commissioners Court of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement 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 Plan is open to new entrants.

3. Employees covered by benefit terms:

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

Inactive employees or beneficiaries currently receiving benefits	127
Inactive employees entitled to but not yet receiving benefits	178
Active employees	139
Total covered employees	<u>444</u>

4. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed \$886,390 using the actuarially determined rate of 17.53 percent for the calendar year 2022 and 16.42 percent for calendar year 2023.

The contribution rate payable by the employee for the calendar years 2022 and 2023 was 7.0% as adopted by the Commissioners' Court. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court within the options available in the TCDRS Act.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

5. Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Payroll growth	3.00%
Real rate of return	5.00%
Long-term investment return	7.50%

Updated mortality assumptions were adopted in 2021. All other actuarial assumptions that determined the total pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 68. In addition, mortality rates were based on the following mortality tables.

Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown are based on January 2022 information for a 10-year time horizon. The valuation assumptions for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The current assumptions were adopted in March 2021. The assumptions for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
US Equities	11.50%	4.95%
Private Equities	25.00%	7.96%
Global Equities	2.50%	4.95%
International Equities - Developed Markets	5.00%	4.95%
International Equities - Emerging Markets	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods. The employer is legally required to make the contribution specified in the funding policy. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable. Based on the above assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected levels of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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6. Plan Fiduciary Net Position

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 34,390,002	\$ 35,480,433	\$ (1,090,431)
Changes for the year			
Service cost	655,619	-	655,619
Interest	2,579,363	-	2,579,363
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	155,341	-	155,341
Effect of assumptions changes or inputs	-	-	-
Refunds of contributions	(36,268)	(36,268)	-
Benefit payments	(2,218,295)	(2,218,295)	-
Contributions - employer	-	892,448	(892,448)
Contributions - employee	-	356,368	(356,368)
Net investment income	-	(1,994,149)	1,994,149
Administrative expense	-	(18,958)	18,958
Other changes	-	(111,950)	111,950
Net changes	<u>1,135,760</u>	<u>(3,130,804)</u>	<u>4,266,564</u>
Balance at 12/31/2022	<u>\$ 35,525,762</u>	<u>\$ 32,349,629</u>	<u>\$ 3,176,133</u>

Sensitivity Analysis:

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

	1% Decrease in Discount Rate 6.60%	Discount Rate 7.60%	1% Increase in Discount Rate 8.60%
Total pension liability	\$ 39,334,802	\$ 35,525,762	\$ 32,266,390
Fiduciary net position	32,349,632	32,349,629	32,349,632
Net pension liability	<u>\$ 6,985,170</u>	<u>\$ 3,176,133</u>	<u>\$ (83,242)</u>

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

For the fiscal year ended September 30, 2023, the County recognized pension expense of \$713,722.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 103,561	\$ 26,375
Changes in actuarial assumptions	-	80,152
Difference between projected and actual investment earnings	504,663	-
Contributions subsequent to the measurement date	634,022	-
Total	<u>\$ 1,242,246</u>	<u>\$ 106,527</u>

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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The \$634,022 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended September 30:		
2024	\$	(517,063)
2025	\$	5,575
2026	\$	83,533
2027	\$	929,652
2028	\$	-
Thereafter	\$	-

J. Other Post-Employment Benefits

Texas County and District Retirement System Group Term Life

1. Plan Description

The County participates in the Texas County and District Retirement System (TCDRS) defined benefit group-term life insurance program known as the Group Term Life (GTL). This is a voluntary program in which participating member counties may elect to provide group-term life insurance coverage for their active members, including retirees. As the GTL program covers both active and retiree participants, with no segregation of assets, the GTL fund is considered to be an unfunded OPEB plan and does not meet the definition of trust under GASB No. 75, Paragraph 4. The member county contributes to the GTL program at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one year term life insurance. The funding policy for the GTL program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

2. Benefits Provided

The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The OPEB benefit is a fixed \$5,000 lump sum benefit. Benefit terms are established under the TCDRS Act. Participation in the retiree plan is optional and the employer may elect to opt out (or opt into) coverage as of January 1 of each year.

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

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	23
Active employees	139
Total covered employees	<u>268</u>

3. The County contributes to the GTL fund at a contractually required rate as determined by an annual actuarial valuation. The County's contributions equaled the required contributions each of the last two fiscal years.

	2022	2023
Active Member Contribution Rate	0.31%	0.24%
Retiree Contribution Rate	0.29%	0.26%
Fiscal year contributions for active members	\$ 15,782	\$ 16,414
Fiscal year contributions for retirees	\$ 14,764	\$ 15,787

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

4. Total OPEB Liability

The County's OPEB liability of \$430,320 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date, calculated based on the discount rate and actuarial assumptions.

Actuarial assumptions:

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

Valuation Date	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	Straight-line amortization over Expected Working Life
Investment Rate of Return	3.72%
Mortality	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

5. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 556,987
Changes for the year:	
Service cost	20,472
Interest on total OPEB liability	11,744
Changes of benefit terms	-
Effect of economic/demographic experience	(13,343)
Effect of assumption changes or inputs	(130,776)
Benefit payments	(14,764)
Net changes	<u>(126,667)</u>
Total OPEB liability - end of year	<u>\$ 430,320</u>

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

The following presents the total OPEB liability of the County, calculated using the discount rate of 3.72%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.72%) or 1-percentage-point higher (4.72%) than the current rate:

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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	1% Decrease in Discount Rate <u>2.72%</u>	Discount Rate <u>3.72%</u>	1% Increase in Discount Rate <u>4.72%</u>
County's total OPEB liability	\$ 502,791	\$ 430,320	\$ 372,691

7. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the County recognized OPEB expense of \$30,125. At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,637	\$ 17,458
Changes in assumptions and other inputs	26,211	104,622
Contributions subsequent to the measurement date	10,070	-
Total	<u>\$ 41,918</u>	<u>\$ 122,080</u>

Contributions subsequent to the measurement date of \$10,070 reported as deferred outflows of resources related to OPEB will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended September 30:	
2024	\$ (16,289)
2025	\$ (16,295)
2026	\$ (28,824)
2027	\$ (28,824)
2028	\$ -
Thereafter	\$ -

Retiree Health Plan

1. Plan Description

The County provides medical benefits to eligible retirees when they reach Medicare eligibility. Each regular employee who has 12 years or more of continuous service as a full time Freestone County employee will be eligible for the Medicare Supplement furnished by the County when they reach age 65. If the employee is not Medicare eligible at the time of separation, but has 12 or more years of continuous service, they may continue with pre-65 retiree insurance at their expense until they become Medicare eligible.

2. Benefits Provided

The County provides medical benefits to eligible retirees when they reach Medicare eligibility. The County pays the individual Medicare supplement premium from age 65 for the life of the retiree as long as the coverage is continued.

FREESTONE COUNTY, TEXAS
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At the September 30, 2023 valuation date, the following individuals were covered by the benefit terms:

	Single Only	Dependent Coverage
Active	78	17
Retired	15	-
Total	<u>93</u>	<u>17</u>

3. Total OPEB Liability

The County's OPEB liability of \$2,029,833 was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2023, calculated based on the discount rate and actuarial assumptions.

Actuarial assumptions:

The total OPEB liability at the September 30, 2022 measurement date, and based on the September 30, 2023 actuarial valuation, was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary scale	3.50%
Mortality table	RPH-2014 Total Table with Projection MP-2021
Discount rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Disability	None assumed
Health care cost trend	Level 4.50%

Since there are no assets held in trust, the discount rate was based on the Bond Buyer GO-20 bond index. At the time of the valuation, the rate was trending down in recent months. The discount rate selected for the valuation was 4.77%.

4. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 1,847,844
Changes for the year:	
Service cost	138,545
Interest on total OPEB liability	93,556
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(50,112)</u>
Net changes	181,989
Total OPEB liability - end of year	<u>\$ 2,029,833</u>

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

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.77%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	1% Decrease in Discount Rate 3.77%	Discount Rate 4.77%	1% Increase in Discount Rate 5.77%
County's total OPEB liability	\$ 1,765,177	\$ 2,029,833	\$ 2,355,194

The following presents the total OPEB liability of the County, calculated using the health care cost trend rate of 4.50%, as well as what the County's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease in Trend Rate 3.50%	Trend Rate 4.50%	1% Increase in Trend Rate 5.50%
County's total OPEB liability	\$ 1,737,454	\$ 2,029,833	\$ 2,400,343

6. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the County recognized OPEB expense of \$27,325. At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of of Resources
Differences between expected and actual experience	\$ -	\$ 662,933
Changes in assumptions and other inputs	105,077	710,019
Contributions subsequent to the measurement date	-	-
Total	\$ 105,077	\$ 1,372,952

Since the valuation date is as of September 30, 2023, which is the same date as the County's fiscal year end, the County does not have any contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB that will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended September 30:	
2024	\$ (204,773)
2025	\$ (204,773)
2026	\$ (204,773)
2027	\$ (204,773)
2028	\$ (211,403)
Thereafter	\$ (237,380)

K. Health Care Coverage

During the year ended September 30, 2023, employees of the County were covered by a health insurance plan (the Plan). The County paid premiums of \$850 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the County and the licensed insurer is renewable October 1, and terms of coverage and premium costs are included in the contractual provisions.

FREESTONE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

L. Commitments and Contingencies

1. Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the County at September 30, 2023.

M. Subsequent Events

The County did not have any subsequent events through August 16, 2024, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended September 30, 2023.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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FREESTONE COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Property Taxes	\$ 8,745,400	\$ 8,745,400	\$ 8,621,750	\$ (123,650)
Intergovernmental	367,200	367,200	513,438	146,238
Charges for Services	818,150	818,150	920,515	102,365
Waste Disposal	30,000	30,000	36,152	6,152
Interest and Royalty Income	176,500	176,500	381,934	205,434
Other	433,250	433,250	438,978	5,728
Total Revenues	<u>10,570,500</u>	<u>10,570,500</u>	<u>10,912,767</u>	<u>342,267</u>
Expenditures:				
General Administration	3,777,327	3,477,833	2,952,898	524,935
Financial Administration	966,335	967,185	1,133,357	(166,172)
Public Safety	4,025,084	4,085,732	3,521,074	564,658
Judicial	1,599,683	1,632,296	1,534,828	97,468
Health and Welfare	553,231	570,580	514,581	55,999
Intergovernmental Expenditures	1,040,061	1,183,031	988,540	194,491
Waste Disposal	92,479	93,479	60,636	32,843
Total Expenditures	<u>12,054,200</u>	<u>12,010,136</u>	<u>10,705,914</u>	<u>1,304,222</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,483,700)</u>	<u>(1,439,636)</u>	<u>206,853</u>	<u>1,646,489</u>
Other Financing Sources (Uses):				
Transfers Out	-	(42,973)	(42,973)	-
Lease and SBITA Proceeds	-	-	225,776	225,776
Sale of Capital Assets	-	-	3,600	3,600
Total Other Financing Sources (Uses)	<u>-</u>	<u>(42,973)</u>	<u>186,403</u>	<u>229,376</u>
Net Change in Fund Balances	(1,483,700)	(1,482,609)	393,256	1,875,865
Fund Balances - Beginning	10,789,594	10,789,594	10,789,594	-
Fund Balances - Ending	<u>\$ 9,305,894</u>	<u>\$ 9,306,985</u>	<u>\$ 11,182,850</u>	<u>\$ 1,875,865</u>

FREESTONE COUNTY, TEXAS
ROAD AND BRIDGE FUND - PCT 1
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Property Taxes	\$ 605,600	\$ 605,600	\$ 594,603	\$ (10,997)
Intergovernmental	17,400	17,400	4,340	(13,060)
Charges for Services	170,300	170,300	164,333	(5,967)
Interest and Royalty Income	1,500	1,500	11,175	9,675
Other	-	-	824	824
Total Revenues	<u>794,800</u>	<u>794,800</u>	<u>775,275</u>	<u>(19,525)</u>
Expenditures:				
Public Transportation	<u>1,333,393</u>	<u>1,333,393</u>	<u>784,947</u>	<u>548,446</u>
Total Expenditures	<u>1,333,393</u>	<u>1,333,393</u>	<u>784,947</u>	<u>548,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(538,593)</u>	<u>(538,593)</u>	<u>(9,672)</u>	<u>528,921</u>
Other Financing Sources (Uses):				
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Net Change in Fund Balances	<u>(388,593)</u>	<u>(388,593)</u>	<u>(9,672)</u>	<u>378,921</u>
Fund Balances - Beginning	<u>381,312</u>	<u>381,312</u>	<u>381,312</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ (7,281)</u></u>	<u><u>\$ (7,281)</u></u>	<u><u>\$ 371,640</u></u>	<u><u>\$ 378,921</u></u>

FREESTONE COUNTY, TEXAS
ROAD AND BRIDGE FUND - PCT 2
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-3

	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
Revenue:							
Property Taxes	\$ 605,600	\$ 605,600	\$ 594,603	\$ (10,997)			
Intergovernmental	97,575	97,575	77,326	(20,249)			
Charges for Services	175,000	175,000	164,333	(10,667)			
Interest and Royalty Income	1,500	1,500	1,645	145			
Other	-	-	1,911	1,911			
Total Revenues	<u>879,675</u>	<u>879,675</u>	<u>839,818</u>	<u>(39,857)</u>			
Expenditures:							
Public Transportation	<u>1,240,151</u>	<u>1,240,151</u>	<u>816,907</u>	<u>423,244</u>			
Total Expenditures	<u>1,240,151</u>	<u>1,240,151</u>	<u>816,907</u>	<u>423,244</u>			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(360,476)</u>	<u>(360,476)</u>	<u>22,911</u>	<u>383,387</u>			
Other Financing Sources (Uses):							
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>			
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>			
Net Change in Fund Balances	(210,476)	(210,476)	22,911	233,387			
Fund Balances - Beginning	226,015	226,015	226,015	-			
Fund Balances - Ending	<u>\$ 15,539</u>	<u>\$ 15,539</u>	<u>\$ 248,926</u>	<u>\$ 233,387</u>			

FREESTONE COUNTY, TEXAS
ROAD AND BRIDGE FUND - PCT 3
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-4

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue:				
Property Taxes	\$ 605,600	\$ 605,600	\$ 594,604	\$ (10,996)
Charges for Services	175,000	175,000	164,333	(10,667)
Interest and Royalty Income	1,500	1,500	1,509	9
Other	-	-	1,358	1,358
Total Revenues	<u>782,100</u>	<u>782,100</u>	<u>761,804</u>	<u>(20,296)</u>
Expenditures:				
Public Transportation	<u>1,249,209</u>	<u>1,249,209</u>	<u>881,734</u>	<u>367,475</u>
Total Expenditures	<u>1,249,209</u>	<u>1,249,209</u>	<u>881,734</u>	<u>367,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(467,109)</u>	<u>(467,109)</u>	<u>(119,930)</u>	<u>347,179</u>
Other Financing Sources (Uses):				
Transfers In	150,000	150,000	-	(150,000)
Sale of Capital Assets	-	-	7,500	7,500
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>7,500</u>	<u>(142,500)</u>
Net Change in Fund Balances	<u>(317,109)</u>	<u>(317,109)</u>	<u>(112,430)</u>	<u>204,679</u>
Fund Balances - Beginning	<u>297,379</u>	<u>297,379</u>	<u>297,379</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$(19,730)</u></u>	<u><u>\$(19,730)</u></u>	<u><u>\$184,949</u></u>	<u><u>\$204,679</u></u>

FREESTONE COUNTY, TEXAS
ROAD AND BRIDGE FUND - PCT 4
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-5

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue:				
Property Taxes	\$ 605,600	\$ 605,600	\$ 594,603	\$ (10,997)
Intergovernmental	44,959	44,959	-	(44,959)
Charges for Services	175,000	175,000	164,333	(10,667)
Interest and Royalty Income	1,500	1,500	1,911	411
Other	-	-	10,479	10,479
Total Revenues	<u>827,059</u>	<u>827,059</u>	<u>771,326</u>	<u>(55,733)</u>
Expenditures:				
Public Transportation	<u>1,203,887</u>	<u>1,203,887</u>	<u>586,501</u>	<u>617,386</u>
Total Expenditures	<u>1,203,887</u>	<u>1,203,887</u>	<u>586,501</u>	<u>617,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(376,828)</u>	<u>(376,828)</u>	<u>184,825</u>	<u>561,653</u>
Other Financing Sources (Uses):				
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Net Change in Fund Balances	(226,828)	(226,828)	184,825	411,653
Fund Balances - Beginning	235,738	235,738	235,738	-
Fund Balances - Ending	<u>\$ 8,910</u>	<u>\$ 8,910</u>	<u>\$ 420,563</u>	<u>\$ 411,653</u>

FREESTONE COUNTY, TEXAS
AMERICAN RESCUE PLAN
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-6

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 497,795	\$ 497,795
Interest and Royalty Income	11,000	11,000	143,171	132,171
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>640,966</u>	<u>629,966</u>
Expenditures:				
General Administration	3,312,921	2,594,419	35,650	2,558,769
Public Safety	-	313,932	-	313,932
Public Transportation	184	-	-	-
Intergovernmental Expenditures	531,866	936,436	462,145	474,291
Total Expenditures	<u>3,844,971</u>	<u>3,844,787</u>	<u>497,795</u>	<u>3,346,992</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,833,971)</u>	<u>(3,833,787)</u>	<u>143,171</u>	<u>3,976,958</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(3,833,971)	(3,833,787)	143,171	3,976,958
Fund Balances - Beginning	9,010	9,010	9,010	-
Fund Balances - Ending	<u>\$ (3,824,961)</u>	<u>\$ (3,824,777)</u>	<u>\$ 152,181</u>	<u>\$ 3,976,958</u>

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FREESTONE COUNTY, TEXAS
SCHEDULE OF CHANGES IN THE COUNTY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Measurement Year			
	2022	2021	2020	2019
Total pension liability:				
Service cost	\$ 655,619	\$ 655,644	\$ 581,610	\$ 583,156
Interest	2,579,363	2,526,731	2,512,102	2,421,091
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	155,341	(240,461)	1,644,493	-
Changes of assumptions	-	(79,125)	(553,813)	42,568
Benefit payments, including refunds of employee contributions	(2,254,563)	(2,088,968)	(1,962,207)	(1,882,701)
Net change in total pension liability	1,135,760	773,821	2,222,185	1,164,114
Total pension liability - beginning	34,390,002	33,616,181	31,393,996	30,229,882
Total pension liability - ending (a)	<u>\$ 35,525,762</u>	<u>\$ 34,390,002</u>	<u>\$ 33,616,181</u>	<u>\$ 31,393,996</u>
Plan fiduciary net position:				
Contributions - employer	\$ 892,448	\$ 893,555	\$ 898,853	\$ 777,848
Contributions - employee	356,368	334,486	344,761	313,469
Net investment income	(1,994,149)	6,470,066	2,870,006	4,039,316
Benefit payments, including refunds of employee contributions	(2,254,563)	(2,088,968)	(1,962,207)	(1,882,701)
Administrative expense	(18,958)	(19,195)	(21,883)	(21,181)
Other	(111,950)	(16,155)	(18,509)	(23,223)
Net change in plan fiduciary net position	(3,130,804)	5,573,789	2,111,021	3,203,528
Plan fiduciary net position - beginning	35,480,433	29,906,644	27,795,623	24,592,095
Plan fiduciary net position - ending (b)	<u>\$ 32,349,629</u>	<u>\$ 35,480,433</u>	<u>\$ 29,906,644</u>	<u>\$ 27,795,623</u>
County's net pension liability - ending (a) - (b)	<u>\$ 3,176,133</u>	<u>\$ (1,090,431)</u>	<u>\$ 3,709,537</u>	<u>\$ 3,598,373</u>
Plan fiduciary net position as a percentage of the total pension liability	91.06%	103.17%	88.97%	88.54%
Covered-employee payroll	\$ 5,090,978	\$ 4,778,376	\$ 4,925,153	\$ 4,478,130
County's net pension liability as a percentage of covered-employee payroll	62.39%	-22.82%	75.32%	80.35%

* This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

		Measurement Year							
		2018	2017	2016	2015	2014			
\$	569,220	\$	555,270	\$	630,023	\$	603,276	\$	638,281
	2,330,562		2,232,536		2,139,569		2,061,482		1,966,556
	-		-		-		(51,074)		-
	97,856		194,621		-		303,503		-
	(1,904,723)		76,147		(147,543)		(262,956)		(133,457)
	1,092,915		(1,821,545)		(1,623,708)		(1,537,087)		(1,280,027)
	29,136,967		27,899,938		26,901,597		25,784,453		24,593,100
\$	<u>30,229,882</u>	\$	<u>29,136,967</u>	\$	<u>27,899,938</u>	\$	<u>26,901,597</u>	\$	<u>25,784,453</u>
\$	785,002	\$	692,760	\$	702,216	\$	661,664	\$	667,448
	311,332		302,516		304,369		300,947		302,251
	(492,172)		3,400,554		1,652,724		(32,069)		1,527,575
	(1,904,723)		(1,821,545)		(1,623,708)		(1,537,087)		(1,280,027)
	(19,752)		(17,247)		(17,995)		(16,389)		(17,409)
	(21,479)		(11,236)		(46,290)		(165,481)		(17,661)
	(1,341,792)		2,545,802		971,316		(788,415)		1,182,177
	25,933,887		23,388,085		22,416,769		23,205,184		22,023,007
\$	<u>24,592,095</u>	\$	<u>25,933,887</u>	\$	<u>23,388,085</u>	\$	<u>22,416,769</u>	\$	<u>23,205,184</u>
\$	<u>5,637,787</u>	\$	<u>3,203,080</u>	\$	<u>4,511,853</u>	\$	<u>4,484,828</u>	\$	<u>2,579,269</u>
	81.35%		89.01%		83.83%		83.33%		90.00%
\$	4,447,607	\$	4,321,660	\$	4,348,122	\$	4,282,014	\$	4,317,878
	126.76%		74.12%		103.77%		104.74%		59.73%

FREESTONE COUNTY, TEXAS
SCHEDULE OF COUNTY'S CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year			
	2023	2022	2021	2020
Actuarially determined contribution	\$ 885,399	\$ 889,191	\$ 888,979	\$ 850,226
Contributions in relation to the actuarially determined contribution	(886,388)	(889,191)	(888,979)	(850,226)
Contribution deficiency (excess)	<u>\$ (989)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,294,879	\$ 4,983,479	\$ 4,786,140	\$ 4,713,082
Contributions as a percentage of covered-employee payroll	16.72%	17.84%	18.57%	18.04%

* This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

		Fiscal Year							
		2019	2018	2017	2016	2015			
\$	774,819	\$	765,767	\$	687,490	\$	659,002	\$	667,448
	(774,819)		(765,767)		(687,490)		(661,664)		(667,448)
\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>(2,662)</u>	\$	<u>-</u>
\$	4,443,054	\$	4,438,053	\$	4,280,967	\$	4,282,014	\$	4,317,878
	17.44%		17.25%		16.06%		15.39%		15.46%

FREESTONE COUNTY, TEXAS
SCHEDULE OF CHANGES IN THE COUNTY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Measurement Year			
	2022	2021	2020	2019
Total OPEB liability:				
Service cost	\$ 20,472	\$ 18,572	\$ 15,919	\$ 10,645
Interest	11,744	11,260	13,135	15,490
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(13,343)	11,275	(16,957)	(4,580)
Changes of assumptions or other inputs	(130,776)	10,986	51,799	88,635
Benefit payments	(14,764)	(15,291)	(14,283)	(13,434)
Net change in total OPEB liability	(126,667)	36,802	49,613	96,756
Total OPEB liability - beginning	556,987	520,185	470,572	373,816
Total OPEB liability - ending	<u>\$ 430,320</u>	<u>\$ 556,987</u>	<u>\$ 520,185</u>	<u>\$ 470,572</u>
Covered-employee payroll	\$ 5,090,978	\$ 4,778,376	\$ 4,925,153	\$ 4,478,130
Total OPEB liability as a percentage of covered-employee payroll	8.45%	11.66%	10.56%	10.51%

* This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

		Measurement Year	
		2018	2017
\$	11,686	\$	9,841
	13,789		14,468
	-		-
	5,257		(11,269)
	(39,332)		15,489
	<u>(13,343)</u>		<u>(11,236)</u>
	(21,943)		17,293
	395,759		378,466
\$	<u>373,816</u>	\$	<u>395,759</u>
\$	4,447,607	\$	4,321,660
	8.40%		9.16%

FREESTONE COUNTY, TEXAS
SCHEDULE OF CHANGES IN THE COUNTY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
LAST TEN FISCAL YEARS *

	Measurement Year			
	2023	2022	2021	2020
Total OPEB liability:				
Service cost	\$ 138,545	\$ 247,782	\$ 247,782	\$ 154,979
Interest	93,556	79,978	73,804	115,549
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(818,645)	-	(88,252)
Changes of assumptions or other inputs	-	(943,195)	-	198,685
Benefit payments	(50,112)	(49,735)	(44,613)	(34,659)
Net change in total OPEB liability	181,989	(1,483,815)	276,973	346,302
Total OPEB liability - beginning	1,847,844	3,331,659	3,054,686	2,708,384
Total OPEB liability - ending	<u>\$ 2,029,833</u>	<u>\$ 1,847,844</u>	<u>\$ 3,331,659</u>	<u>\$ 3,054,686</u>
Covered-employee payroll	\$ 3,704,111	\$ 3,704,111	\$ 3,383,066	\$ 3,383,066
Total OPEB liability as a percentage of covered-employee payroll	54.80%	49.89%	98.48%	90.29%

* This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

		Measurement Year	
		2019	2018
\$	154,979	\$	148,932
	100,296		97,711
	-		-
	-		-
	(34,487)		(33,581)
	<u>220,788</u>		<u>213,062</u>
	2,487,596		2,274,534
\$	<u>2,708,384</u>	\$	<u>2,487,596</u>
\$	2,865,188	\$	2,865,188
	94.53%		86.82%

FREESTONE COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to the beginning of the fiscal year, the County prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Commissioners is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Commissioners' Court.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. During the year, the budget was amended. All budget appropriations lapse at year end.

B. Pension

Valuation Date:

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

Methods and assumptions used to determine contributions are reported:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	9.8 years (based on contribution rate calculated in December 31, 2021 valuation)
Asset Valuation Method	5-year smoothed market
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Inflation	2.50%
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Changes in Plan Provisions Reflected in 2017: New Annuity Purchase Rates were reflected for the Schedule of Employer Contributions benefits earned after 2017.

Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions 2015: New inflation, mortality and other assumptions were reflected.

2017: New mortality assumptions were reflected.

2019: New inflation, mortality and other assumptions were reflected.

2022: New investment return and inflation assumptions were reflected.

C. Postemployment Benefits Other than Pension (OPEB)

1. Texas County and District Retirement System

Valuation Date:

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

Methods and assumptions used to determine contributions are reported:

Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	Straight-line amortization over expected working life in recognition of economic/demographic gains or losses and recognition of assumptions changes or inputs
Investment Rate of Return	3.72%
Mortality	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes of Benefit Terms	There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.
Changes of Assumptions	The discount rate used changed from 2.06% to 3.72% based on the 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022.
	New mortality assumptions were reflected.

2. Retiree Health Plan

Valuation Date:

The total OPEB liability was determined based on a valuation date of September 30, 2023 and a measurement date of September 30, 2023.

Methods and assumptions used to determine contributions are reported:

Actuarial Cost Method	Entry Age Normal - Level Percentage of Projected Salary
Inflation	2.50% per year
Salary scale	3.50%
Mortality table	RPH-2014 Total Table with Projection MP-2021
Discount rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Disability	None assumed
Health care cost trend	Level 4.50%
Changes of Benefit Terms	There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.
Changes of Assumptions	The discount rate used remained 4.77% based on the S&P Municipal Bond 20 Year High Grade Rate Index. New mortality assumptions were reflected.

*Combining Statements and Budget
Comparisons as Supplementary
Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

FREESTONE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2023

	<u>Chapter 19 Voter Fund</u>	<u>County Attorney Fund</u>	<u>County Attorney Crime Victims</u>	<u>District Attorney Special Revenue</u>
ASSETS AND OTHER DEBITS				
Assets:				
Cash and Cash Equivalents	\$ 500	\$ 149,274	\$ (2,126)	\$ 8,564
Accounts Receivable	-	-	5,866	-
Total Assets	<u>\$ 500</u>	<u>\$ 149,274</u>	<u>\$ 3,740</u>	<u>\$ 8,564</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 177	\$ 271	\$ 470
Accrued Liabilities	-	1,304	-	4,079
Due to Other Funds	500	-	-	-
Due to Others	-	119,542	-	-
Total Liabilities	<u>500</u>	<u>121,023</u>	<u>271</u>	<u>4,549</u>
Deferred Inflows of Resources:				
Fund Balances:				
Restricted				
Special Revenue	-	28,251	3,469	4,015
Total Fund Balance	<u>-</u>	<u>28,251</u>	<u>3,469</u>	<u>4,015</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 <u>\$ 500</u>	 <u>\$ 149,274</u>	 <u>\$ 3,740</u>	 <u>\$ 8,564</u>

Sheriff Special Revenue	Special Budget Fund	Unclaimed Money Fund	Records Archive Fund	Courthouse Security Fund
\$ 74,340	\$ 30,794	\$ 1,152	\$ 98,058	\$ 33,088
-	-	-	-	-
<u>\$ 74,340</u>	<u>\$ 30,794</u>	<u>\$ 1,152</u>	<u>\$ 98,058</u>	<u>\$ 33,088</u>
\$ -	\$ 21,773	\$ -	\$ 1,240	\$ 809
11,470	-	-	937	1,850
-	-	-	-	-
-	-	-	-	-
<u>11,470</u>	<u>21,773</u>	<u>-</u>	<u>2,177</u>	<u>2,659</u>
62,870	9,021	1,152	95,881	30,429
<u>62,870</u>	<u>9,021</u>	<u>1,152</u>	<u>95,881</u>	<u>30,429</u>
<u>\$ 74,340</u>	<u>\$ 30,794</u>	<u>\$ 1,152</u>	<u>\$ 98,058</u>	<u>\$ 33,088</u>

FREESTONE COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2023

	Records Management Fund	JP Technology Fund	Justice Court Building Security	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS AND OTHER DEBITS				
Assets:				
Cash and Cash Equivalents	\$ 24,590	\$ 15,200	\$ 15,775	\$ 449,209
Accounts Receivable	-	-	-	5,866
Total Assets	<u>\$ 24,590</u>	<u>\$ 15,200</u>	<u>\$ 15,775</u>	<u>\$ 455,075</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 24,740
Accrued Liabilities	-	-	-	19,640
Due to Other Funds	-	-	-	500
Due to Others	-	-	-	119,542
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,422</u>
Deferred Inflows of Resources:				
Fund Balances:				
Restricted				
Special Revenue	<u>24,590</u>	<u>15,200</u>	<u>15,775</u>	<u>290,653</u>
Total Fund Balance	<u>24,590</u>	<u>15,200</u>	<u>15,775</u>	<u>290,653</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 <u>\$ 24,590</u>	 <u>\$ 15,200</u>	 <u>\$ 15,775</u>	 <u>\$ 455,075</u>

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FREESTONE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Chapter 19 Voter Fund	County Attorney Fund	County Attorney Crime Victims	District Attorney Special Revenue
Revenue:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	17,351	-	-
Interest and Royalty Income	-	370	-	-
Other	123	450	19,927	27,500
Total Revenues	<u>123</u>	<u>18,171</u>	<u>19,927</u>	<u>27,500</u>
Expenditures:				
General Administration	123	-	-	-
Public Safety	-	-	-	-
Judicial	-	16,793	22,427	31,055
Health and Welfare	-	-	-	-
Total Expenditures	<u>123</u>	<u>16,793</u>	<u>22,427</u>	<u>31,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>1,378</u>	<u>(2,500)</u>	<u>(3,555)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	6,453
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,453</u>
Net Change in Fund Balances	-	1,378	(2,500)	2,898
Fund Balances - Beginning	-	26,873	5,969	1,117
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 28,251</u>	<u>\$ 3,469</u>	<u>\$ 4,015</u>

Sheriff Special Revenue	Special Budget Fund	Unclaimed Money Fund	Records Archive Fund	Courthouse Security Fund
\$ -	\$ 10,123	\$ -	\$ -	\$ -
-	-	-	114,778	23,146
245	-	-	884	-
16,120	30,757	-	-	-
<u>16,365</u>	<u>40,880</u>	<u>-</u>	<u>115,662</u>	<u>23,146</u>
-	24,084	-	293,238	64,080
13,787	5,043	-	-	-
-	-	-	3,677	-
-	13,839	-	-	-
<u>13,787</u>	<u>42,966</u>	<u>-</u>	<u>296,915</u>	<u>64,080</u>
<u>2,578</u>	<u>(2,086)</u>	<u>-</u>	<u>(181,253)</u>	<u>(40,934)</u>
-	-	-	-	36,520
-	-	-	-	<u>36,520</u>
2,578	(2,086)	-	(181,253)	(4,414)
60,292	11,107	1,152	277,134	34,843
<u>\$ 62,870</u>	<u>\$ 9,021</u>	<u>\$ 1,152</u>	<u>\$ 95,881</u>	<u>\$ 30,429</u>

FREESTONE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Records Management Fund	JP Technology Fund	Justice Court Building Security	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenue:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 10,123
Charges for Services	9,002	7,967	329	172,573
Interest and Royalty Income	-	-	-	1,499
Other	-	-	-	94,877
Total Revenues	<u>9,002</u>	<u>7,967</u>	<u>329</u>	<u>279,072</u>
Expenditures:				
General Administration	2,000	-	-	383,525
Public Safety	-	-	-	18,830
Judicial	2,000	1,417	448	77,817
Health and Welfare	-	-	-	13,839
Total Expenditures	<u>4,000</u>	<u>1,417</u>	<u>448</u>	<u>494,011</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,002</u>	<u>6,550</u>	<u>(119)</u>	<u>(214,939)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	42,973
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,973</u>
Net Change in Fund Balances	5,002	6,550	(119)	(171,966)
Fund Balances - Beginning	19,588	8,650	15,894	462,619
Fund Balances - Ending	<u>\$ 24,590</u>	<u>\$ 15,200</u>	<u>\$ 15,775</u>	<u>\$ 290,653</u>

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