

YOUNG 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 Honorable County Judge
and County Commissioners
Young County, Texas

Qualified and Unmodified Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Qualified
American Rescue Grant Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinions on Governmental Activities and the General Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and the General Fund of the County, as of September 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the American Rescue Grant Fund and Aggregate Remaining Fund Information

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

Basis for Qualified and Unmodified 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 the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions on Governmental Activities and the General Fund

As fully described in Note L to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2023 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, the budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, Schedule of Employer Contributions – Texas County and District Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios – Young County Retiree Health Care Plan 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated February 10, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
February 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Young County, Texas, we offer readers of the County's Annual Financial Report this narrative overview 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 assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2023 by \$30,106,066 (net position). Of this amount, \$11,715,852 is unrestricted and may be used to meet the County's obligations.
- During the year, the County's total net position increased by \$1,328,387. The County's expenses, which totaled \$13,740,862, were less than the County's program revenues of \$4,426,011 and general revenues and special item of \$10,587,975 and prior period adjustment of \$55,263 from the implementation of GASB 96 – Subscription-Based Information Technology Agreements.
- The total cost of the County's programs increased \$1,629,761 or 13% from the prior year.
- The governmental funds reported a fund balance at September 30, 2023 of \$12,004,511, which is an increase of \$462,088 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$9,606,502, or 72% of the total General Fund expenditures for the year ended September 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

All of the County's services are reported in the government-wide financial statements, including administration, judicial, road and bridge, and public safety. Property taxes, sales taxes, highway taxes, fees and commissions and intergovernmental grants finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers a broad overview of the County's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The *statement of activities* details how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes).

Fund Financial Statements

The County uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the County to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the County can be divided into three categories: governmental funds, internal service fund and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financing requirements.

Because the focus on *governmental funds* is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintained multiple governmental funds in the current fiscal year. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund and American Rescue Grant Fund, which are considered to be the County's major funds. Financial data for the other governmental funds are combined into a single, aggregated presentation.

Internal service fund. The County's health insurance plan is accounted for as an internal service fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary net position.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 is the County's net position summarized for the *governmental activities*.

Table 1 - County's Net Position

	Governmental Activities			
	2023	2022	Change	% Change
Current assets	\$ 15,035,248	\$ 16,053,493	\$ (1,018,245)	-6%
Long-term assets	18,893,094	22,228,790	(3,335,696)	-15%
Total Assets	33,928,342	38,282,283	(4,353,941)	-11%
Deferred Outflows of Resources	895,452	747,502	147,950	20%
Current liabilities	2,356,917	3,829,103	(1,472,186)	-38%
Noncurrent liabilities	2,278,782	2,731,480	(452,698)	-17%
Total Liabilities	4,635,699	6,560,583	(1,924,884)	-29%
Deferred Inflows of Resources	82,029	3,691,523	(3,609,494)	-98%
Net position:				
Net investment in capital assets	16,994,039	16,152,544	841,495	5%
Restricted	1,396,175	1,269,971	126,204	10%
Unrestricted	11,715,852	11,355,164	360,688	3%
Total Net Position	\$ 30,106,066	\$ 28,777,679	\$ 1,328,387	5%

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$16,994,039. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$1,396,175, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$11,715,852 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were \$14,953,093. A significant portion, 54%, of the County's revenue comes from property taxes. Charges for services accounted for 22% of the County's revenue. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2023 and 2022 for the County's *governmental activities*.

Table 2 - County's Revenues

	Governmental Activities			
	2023	Percent	2022	Percent
Charges for services	\$ 3,259,877	22%	\$ 2,783,663	20%
Operating grants and contributions	536,008	4%	1,304,548	9%
Capital grants and contributions	630,126	4%	-	0%
Property taxes	8,218,395	54%	7,922,680	57%
Sales taxes	1,706,358	11%	1,722,725	12%
Occupancy taxes	83,528	1%	94,338	1%
Mixed beverage taxes	37,634	0%	30,511	0%
Investment earnings	393,971	3%	40,102	0%
Miscellaneous	87,196	1%	186,140	1%
Total Revenues	\$ 14,953,093	100%	\$ 14,084,707	100%

A brief summary of the significant changes between years are as follows:

- Charges for services increased by \$476,214. The increase is mostly due to an increase in salary and inmate housing reimbursements.
- Operating grants and contributions decreased \$768,540 and capital grants and contributions increased \$630,126 due to a shift in ARPA grant expenditures from operating expenses to capital acquisitions.
- Property taxes increased by \$295,715. The increase is mostly due to the net of an increase in taxable values and a small decrease in the tax rate.
- Investment earnings increased by \$353,869. The increase is mostly due to an increase in interest rates from the prior year.

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2023 and 2022 for the County's *governmental activities*. The total cost of all programs and services was \$13,740,862 and \$12,111,101 for the years ended September 30, 2023 and 2022, respectively.

Table 3 - County's Expenses

	Governmental Activities			
	2023	Percent	2022	Percent
County Judge	\$ 166,966	1%	\$ 136,973	1%
County Clerk	273,565	2%	232,200	2%
Veteran service	25,603	0%	19,764	0%
Homeland security	20,529	0%	480	0%
Nondepartmental costs	309,624	2%	271,177	2%
Computer department	97,475	1%	84,098	1%
County/District court	339,113	2%	389,548	3%
District Clerk	205,711	1%	173,192	1%
Justices of the Peace	378,418	3%	308,684	3%
District Judge	71,162	1%	60,089	0%
County Attorney	273,433	2%	231,096	2%
District Attorney	348,764	3%	251,838	2%
Elections	247,177	2%	196,857	2%
County Auditor	239,610	2%	201,398	2%
County Treasurer	158,130	1%	132,023	1%
Tax Assessor/Collector	490,819	4%	451,414	4%
Courthouse maintenance	244,037	2%	255,626	2%
Annex maintenance	20,452	0%	16,981	0%
Ambulance	244,000	2%	204,000	2%
Constables	90,830	1%	71,745	1%
Department of Public Safety and Game Warden	6,487	0%	6,055	0%
Sheriff, dispatch and jail	3,695,105	24%	3,192,569	27%
911 mapping	70,056	1%	55,326	0%
Adult probation	517,676	4%	421,419	3%
Juvenile probation	646,691	5%	607,148	5%
Pauper services	10,300	0%	17,100	0%
Fort Belknap	139,190	1%	152,142	1%
Agricultural extension agent	32,853	0%	32,740	0%
Home extension agent	30,807	0%	23,871	0%
TAEX office	69,317	1%	59,228	0%
Employee benefits	78,866	1%	61,607	1%
District court reporter	121,050	1%	100,783	1%
Road and bridge	3,536,266	26%	2,512,154	21%
Library expense	9,869	0%	9,143	0%
Hospital and medical costs	219,998	2%	240,521	2%
Medical administrative costs	80,619	1%	78,626	1%
Preservation of books	4,447	0%	13,677	0%
ARPA	166,093	1%	762,734	6%
Debt service - interest	59,754	0%	75,075	1%
Total Expenses	\$ 13,740,862	100%	\$ 12,111,101	100%

The only significant variances were for sheriff, dispatch, and jail, road and bridge, and ARPA. Sheriff, dispatch and jail expenses increased \$502,536 mostly due to an increase in inmate housing costs from an increase in housing inmates from other counties. Road and bridge expenses increased \$1,024,112 due to additional road maintenance costs in the current year. ARPA expenses decreased \$596,641 because the County spent a greater portion of ARPA funds on capital acquisitions in the current year than the prior year.

Governmental Activities

Table 4 presents the various revenue categories and gross costs of the County for both the current and prior year.

Table 4 - Changes in Net Position

	Governmental Activities			
	2023	2022	Change	% Change
Revenues:				
Program revenues	\$ 4,426,011	\$ 4,088,211	\$ 337,800	8%
General revenues	10,527,082	9,996,496	530,586	5%
Total revenues	14,953,093	14,084,707	868,386	6%
Expenses	13,740,862	12,111,101	1,629,761	13%
Special item - gain on sale of capital asset	60,893	82,140	(21,247)	-26%
Prior period adjustment	55,263	-	55,263	N/A
Change in net position	\$ 1,328,387	\$ 2,055,746	\$ (727,359)	-35%

Table 5 presents the net cost of the County's most significant governmental departments/functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, other taxes, and other miscellaneous general revenues.

Table 5 - Net Cost of Selected County Departments/Functions

	Governmental Activities			
	2023	Percent	2022	Percent
County Judge	\$ 141,766	2%	\$ 111,773	1%
County Clerk	(51,693)	-1%	(179,043)	-2%
District/County court	297,729	3%	344,256	4%
Justices of the Peace	263,609	3%	176,430	2%
County Attorney	234,933	3%	192,596	2%
District Attorney	209,248	2%	132,235	2%
Tax Assessor/Collector	(298,265)	-3%	(329,870)	-4%
Sheriff, dispatch and jail	2,930,004	31%	2,856,445	36%
Road and bridge	3,266,958	35%	2,322,853	29%

Financial Analysis of the County's Funds

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of September 30, 2023, the County's governmental funds reported a combined ending fund balance of \$12,004,511, an increase of \$462,088 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
September 30, 2023**

	General Fund	American Rescue Grant Fund	Nonmajor Funds	Totals
Nonspendable:				
Prepays	\$ 46,422	\$ 1,000	\$ -	\$ 47,422
Restricted for:				
Debt service	-	-	12,701	12,701
Federal funds grant restrictions	-	50,228	-	50,228
Special assessments	-	-	1,308,974	1,308,974
Assigned	978,684	-	-	978,684
Unassigned	9,606,502	-	-	9,606,502
Total Fund Balances	\$ 10,631,608	\$ 51,228	\$ 1,321,675	\$ 12,004,511

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$10,631,608, of which \$46,422 was nonspendable, \$978,684 was assigned, and \$9,606,502 was unassigned. The total unassigned fund balance represents 72% of the total General Fund expenditures for the year ended September 30, 2023. The total fund balance increased \$334,005 in the current fiscal year.

General Fund revenues totaled \$13,934,899, an increase of \$1,614,591 or 13% over the preceding year. The revenue categories with significant changes between years were as follows:

- Property taxes revenues increased \$830,436 or 11%. The increase is due to the net of an increase in taxable values and a small decrease in the maintenance and operation tax rate.
- Other governmental reimbursements increased \$194,243 or 17%. The increase is due to an across-the-board increase in salary reimbursement services and a new service with the City of Olney for dispatch.
- Interest earned revenue increased \$298,583 or 848%. The increase is mostly due to an increase in interest rates from the prior year.
- Other revenue increased \$248,941 or 108%. The increase is due to an increase in inmate housing fees to other counties.

General Fund expenditures totaled \$13,419,378, an increase of \$1,622,164 or 14% over the preceding year. The expenditure categories with significant changes between years were as follows:

- Sheriff, dispatch, and jail expenditures increased \$276,050 or 9%. The increase is mostly due to an increase in inmate housing costs from an increase in housing inmates from other counties.
- Road and bridge increased \$867,484 or 45%. The increase is mostly due to additional road maintenance costs in the current year.

- Capital outlay expenditures increased \$215,655 or 41%. The increase is due to additional road and bridge maintenance equipment acquired in the current year.

General Fund other sources and uses totaled \$181,516 of other uses compared to \$184,752 of other sources in the prior year. This is mostly due to the net of additional transfers out to the debt service fund to pay off interest and sinking bonded debt in the current year less proceeds from new capital leases issued in the current year.

American Rescue Grant Fund

The American Rescue Grant fund consists of the federal COVID-19 relief American Rescue Grant. The total ending fund balance was \$51,228, an increase of \$46,951 from the previous year. The fund revenues increased \$76,892 or 10%. Most of the increase, \$43,407, was interest earned revenue due to an increase in interest rates from the prior year. The fund expenditures only increased \$33,485 or 4%. The only significant changes in functional expenditure categories were due to more funds expended for capital outlay instead of supplies in the current year.

Nonmajor Funds

Nonmajor funds consist of the various special revenue funds and the debt service fund. The total ending fund balance was \$1,321,675, an increase of \$81,132 from the previous year.

The Nonmajor Funds' revenues totaled \$182,865, a decrease of \$819,749 or 82%. The only revenue categories with a significant change were property taxes and federal and state grants. Property taxes decreased \$526,299 or 96% because the County did not levy an interest and sinking tax in the current year. Federal and state grants decreased \$243,435 or 98% due to a one-time election equipment grant received in the prior year.

The Nonmajor Funds' expenditures totaled \$836,976, a decrease of \$278,851 or 25%. The only expenditure category with a significant change was capital outlay which decreased \$243,424 or 100% due to a one-time election equipment grant expenditures in the prior year.

The nonmajor funds' other sources and uses totaled \$735,243 of other sources compared to \$110,000 of other sources in the prior year. The increase is due to additional transfers from the general fund to the debt service fund to pay off interest and sinking bonded debt in the current year.

General Fund Budgetary Highlights

The County did not make any budget amendments during the year. Total expenditures were \$947,472 less than the final budget amounts. Most functional areas were below their budget; however, ten departments had over-expended budgets ranging from \$243 to \$388,669. The budget areas where expenditures were significantly above or below the final budgeted amount are as follows:

- Nondepartmental costs – under-expended by \$912,841
- County/District court – under-expended by \$222,812
- Capital outlay – over-expended by \$388,669

On the other hand, revenues were \$779,549 above the final budgeted amount. All of the revenues fell within normal variance above and below budgeted levels, except as follows:

- Property taxes – favorable budget variance of \$934,230
- Wind farm revenue – unfavorable budget variance of \$650,000

- Interest earned – favorable budget variance of \$246,706
- Other revenue – favorable budget variance of \$350,955

In all instances, the County failed to amend the budget for changes in the revenues and expenditures based on known facts during the fiscal year.

The budget line items in the original budget were not materially different than in the final adopted budget in any area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the County had invested in a broad range of capital assets totaling \$18,893,094, net of accumulated depreciation, including land, buildings, equipment, and infrastructure. See Table 7 below.

Table 7 - Capital Assets, Net

	2023	2022	\$ Change	% Change
Land	\$ 828,382	\$ 711,731	\$ 116,651	16%
Buildings and improvements	11,192,239	11,341,077	(148,838)	-1%
Machinery and equipment	4,940,684	4,850,541	90,143	2%
Infrastructure	1,729,938	1,835,763	(105,825)	-6%
Right-to-use leased equipment	100,768	-	100,768	N/A
SBITA assets	74,440	-	74,440	N/A
Construction in progress	26,643	-	26,643	N/A
Totals	\$18,893,094	\$18,739,112	\$ 153,982	1%

Capital assets, net of accumulated depreciation, increased \$153,982 or 1% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2023, the County had \$1,899,055 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2023	2022	\$ Change	% Change
Bonds payable	\$ -	\$ 770,000	\$ (770,000)	-100%
Bond premium	-	5,861	(5,861)	-100%
Notes payable	1,739,257	1,810,707	(71,450)	-4%
Right-to-use lease liabilities	101,783	-	101,783	N/A
SBITA liabilities	58,015	-	58,015	N/A
Totals	\$ 1,899,055	\$ 2,586,568	\$ (687,513)	-27%

Total long-term obligations decreased \$687,513 or 27%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2023-24 budget preparation is \$1,289,353,185, an increase of \$66,229,290, or 5% from the prior year taxable values. The overall tax rate adopted is \$.58764 per \$100 valuation, a decrease of \$.000031 per \$100 valuation.

General Fund revenues budgeted for 2023-24 are \$15,048,679, an increase of \$1,113,780, or 8% from the final 2022-23 revenues of \$13,934,899.

General Fund expenditures budgeted for 2023-24 are \$16,027,363, an increase of \$2,607,985 or 19% from the final 2022-23 expenditures of \$13,419,378. Most of the increase relates to general cost increases across most departments, a Courthouse chiller replacement, and conservative budgeting in 2023-24. The County does not anticipate any new programs or projects being added in 2023-24.

The other sources and uses are budgeted to be less than the prior year actual amounts as the County is not budgeting any new lease proceeds or sales of capital assets in 2023-24.

If these estimates are realized, the County's General Fund's fund balance will decrease \$978,684 by September 30, 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
Assets	
Cash	\$ 11,264,251
Investments	2,586,549
Receivables:	
Property taxes, net	356,664
Sales taxes	297,528
Accounts	428,699
Due from fiduciary	54,135
Prepaid expenses	47,422
Capital assets not being depreciated	855,025
Capital assets being depreciated, net	18,038,069
Total assets	<u>33,928,342</u>
Deferred Outflows of Resources	
Pension plan related	884,747
OPEB plan related	10,705
Total deferred outflows of resources	<u>895,452</u>
Liabilities	
Accounts payable	187,527
Accrued liabilities	230,012
Unearned revenues	1,939,378
Long-term liabilities:	
Due within one year	1,390,326
Due in more than one year	590,223
Net pension liability	239,708
Total OPEB liability	58,525
Total liabilities	<u>4,635,699</u>
Deferred Inflows of Resources	
Pension plan related	48,687
OPEB plan related	33,342
Total deferred inflows of resources	<u>82,029</u>
Net Position	
Net investment in capital assets	16,994,039
Restricted	1,396,175
Unrestricted	11,715,852
Total net position	<u>\$ 30,106,066</u>

The accompanying notes are an integral part of this statement.

YOUNG 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	Capital Grants and Contributions	
Governmental Activities:					Governmental Activities
County Judge	\$ 166,966	\$ -	\$ 25,200	\$ -	\$ (141,766)
County Clerk	273,565	325,258	-	-	51,693
Veteran service	25,603	-	-	-	(25,603)
Homeland security	20,529	-	-	-	(20,529)
Nondepartmental costs	309,624	43,171	8,867	-	(257,586)
Computer department	97,475	-	-	-	(97,475)
County/District court	339,113	41,384	-	-	(297,729)
District Clerk	205,711	135,697	-	-	(70,014)
Justices of the Peace	378,418	114,809	-	-	(263,609)
District Judge	71,162	35,989	-	-	(35,173)
County Attorney	273,433	-	38,500	-	(234,933)
District Attorney	348,764	138,994	522	-	(209,248)
Elections	247,177	18,070	-	-	(229,107)
County Auditor	239,610	-	-	-	(239,610)
County Treasurer	158,130	-	-	-	(158,130)
Tax Assessor/Collector	490,819	789,084	-	-	298,265
Courthouse maintenance	244,037	-	-	-	(244,037)
Annex maintenance	20,452	-	-	-	(20,452)
Ambulance	244,000	-	-	-	(244,000)
Constables	90,830	12,970	1,230	-	(76,630)
Department of Public Safety and Game Warden	6,487	-	-	-	(6,487)
Sheriff, dispatch and jail	3,695,105	738,813	26,288	-	(2,930,004)
911 mapping	70,056	-	-	-	(70,056)
Adult probation	517,676	504,936	-	-	(12,740)
Juvenile probation	646,691	360,302	-	-	(286,389)
Pauper services	10,300	-	-	-	(10,300)
Fort Belknap	139,190	400	-	-	(138,790)
Agricultural extension agent	32,853	-	-	-	(32,853)
Home extension agent	30,807	-	-	-	(30,807)
TAEX office	69,317	-	-	-	(69,317)
Employee benefits	78,866	-	-	-	(78,866)
District court reporter	121,050	-	-	-	(121,050)
Road and bridge	3,536,266	-	269,308	-	(3,266,958)
Library expense	9,869	-	-	-	(9,869)
Hospital and medical costs	219,998	-	-	-	(219,998)
Medical administrative costs	80,619	-	-	-	(80,619)
Preservation of books	4,447	-	-	-	(4,447)
ARPA	166,093	-	166,093	630,126	630,126
Debt service - interest	59,754	-	-	-	(59,754)
Total governmental activities	<u>\$ 13,740,862</u>	<u>\$ 3,259,877</u>	<u>\$ 536,008</u>	<u>\$ 630,126</u>	<u>(9,314,851)</u>
General revenues and special item:					
Property taxes, levied for general purposes					8,202,623
Property taxes, levied for debt service purposes					15,772
Sales taxes					1,706,358
Occupancy taxes					83,528
Mixed beverage taxes					37,634
Investment earnings					393,971
Miscellaneous					87,196
Special item - gain on sale of capital asset					60,893
Total general revenues and special item					<u>10,587,975</u>
Change in net position					1,273,124
Net position - beginning, originally stated					28,777,679
Prior period adjustment					55,263
Net position - beginning, restated					<u>28,832,942</u>
Net position - ending					<u>\$ 30,106,066</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Grant Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash	\$ 7,622,078	\$ 1,989,606	\$ 1,307,360	\$ 10,919,044
Investments	2,586,549	-	-	2,586,549
Receivables, net:				
Property taxes	332,118	-	24,546	356,664
Sales tax	297,528	-	-	297,528
Other	423,247	-	5,452	428,699
Due from other funds	78,114	-	11,082	89,196
Prepaid expenses	46,422	1,000	-	47,422
Total assets	<u>\$ 11,386,056</u>	<u>\$ 1,990,606</u>	<u>\$ 1,348,440</u>	<u>\$ 14,725,102</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 185,308	\$ -	\$ 2,219	\$ 187,527
Accrued liabilities	201,961	-	-	201,961
Due to other funds	35,061	-	-	35,061
Unearned revenues	-	1,939,378	-	1,939,378
Total liabilities	<u>422,330</u>	<u>1,939,378</u>	<u>2,219</u>	<u>2,363,927</u>
Deferred inflows of resources:				
Unavailable property taxes	<u>332,118</u>	<u>-</u>	<u>24,546</u>	<u>356,664</u>
Fund balances:				
Nonspendable - prepaids	46,422	1,000	-	47,422
Restricted	-	50,228	1,321,675	1,371,903
Assigned	978,684	-	-	978,684
Unassigned	9,606,502	-	-	9,606,502
Total fund balances	<u>10,631,608</u>	<u>51,228</u>	<u>1,321,675</u>	<u>12,004,511</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,386,056</u>	<u>\$ 1,990,606</u>	<u>\$ 1,348,440</u>	<u>\$ 14,725,102</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds (Exhibit A-3) \$ 12,004,511

Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 32,114,202	
Related accumulated depreciation	<u>13,221,108</u>	18,893,094

Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds. 356,664

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Notes payable	1,739,257	
Right-to-use leases payable	101,783	
SBITA liabilities	58,015	
Accrued compensated absences	<u>81,494</u>	(1,980,549)

The accrued interest on the long-term debt at year-end was: (28,051)

The County's net pension liability and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System and the OPEB liability related to the County-provided retiree medical coverage do not meet the criteria to be reported in the governmental funds financial statements. These items consist of:

Deferred outflows - pension related items	884,747	
Deferred outflows - OPEB items	10,705	
Deferred inflows - pension related items	(48,687)	
Deferred inflows - OPEB items	(33,342)	
Net pension liability	(239,708)	
Total OPEB liability	<u>(58,525)</u>	515,190

The County uses an internal service fund to operate the County's health insurance program for all eligible employees and retirees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.

345,207

Total net position - governmental activities (Exhibit A-1) \$ 30,106,066

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Grant Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 8,208,480	\$ -	\$ 23,299	\$ 8,231,779
Sales taxes	1,706,358	-	-	1,706,358
Occupancy taxes	83,528	-	-	83,528
Mixed beverage tax	37,634	-	-	37,634
Licenses, fees and fines	708,632	-	142,134	850,766
Other governmental reimbursements	1,310,077	-	-	1,310,077
Auto registration	499,787	-	-	499,787
Surtax on auto registration	201,890	-	-	201,890
Federal and state grants	365,952	796,219	3,963	1,166,134
Interest earned	333,806	46,951	7,671	388,428
Other revenue	478,755	-	5,798	484,553
Total revenues	13,934,899	843,170	182,865	14,960,934
Expenditures				
County Judge	168,391	-	-	168,391
County Clerk	276,968	-	-	276,968
Veteran service	25,674	-	-	25,674
Homeland security	20,529	-	-	20,529
Nondepartmental costs	193,065	-	29,338	222,403
Computer department	97,489	-	-	97,489
County/District court	333,038	-	6,094	339,132
District Clerk	206,360	-	-	206,360
Justices of the Peace	379,477	-	127	379,604
District Judge	72,146	-	-	72,146
County Attorney	275,568	-	-	275,568
District Attorney	349,342	-	-	349,342
Elections	178,832	-	-	178,832
County Auditor	240,801	-	-	240,801
County Treasurer	159,339	-	-	159,339
Tax Assessor/Collector	494,972	-	-	494,972
Courthouse maintenance	244,775	-	-	244,775
Annex maintenance	20,452	-	-	20,452
Ambulance	244,000	-	-	244,000
Constables	86,449	-	-	86,449
Department of Public Safety and Game Warden	6,487	-	-	6,487
Sheriff, dispatch and jail	3,322,708	-	4,301	3,327,009
911 mapping	70,156	-	-	70,156
Adult probation	501,860	-	-	501,860
Juvenile probation	650,896	-	-	650,896
Pauper services	10,300	-	-	10,300
Fort Belknap	127,431	-	-	127,431
Agricultural extension agent	34,219	-	-	34,219
Home extension agent	30,807	-	-	30,807
TAEX office	70,405	-	-	70,405
Employee benefits	78,866	-	-	78,866
District court reporter	122,983	-	-	122,983
Road and bridge	2,777,866	-	-	2,777,866
Library expense	-	-	9,869	9,869

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Grant Fund	Nonmajor Funds	Total Governmental Funds
Hospital and medical costs	219,998	-	-	219,998
Medical administrative costs	80,619	-	-	80,619
Preservation of books	-	-	4,447	4,447
ARPA	-	166,093	-	166,093
Capital outlay	741,669	630,126	-	1,371,795
Debt service - principal	460,260	-	770,000	1,230,260
Debt service - interest	44,181	-	12,800	56,981
Total expenditures	<u>13,419,378</u>	<u>796,219</u>	<u>836,976</u>	<u>15,052,573</u>
Excess of revenues over (under) expenditures	<u>515,521</u>	<u>46,951</u>	<u>(654,111)</u>	<u>(91,639)</u>
Other sources and (uses):				
Issuance of debt	492,834	-	-	492,834
Proceeds from sale of capital assets	60,893	-	-	60,893
Transfers in	2,707,105	-	735,243	3,442,348
Transfers out	(3,442,348)	-	-	(3,442,348)
Total other sources and (uses)	<u>(181,516)</u>	<u>-</u>	<u>735,243</u>	<u>553,727</u>
Net change in fund balances	334,005	46,951	81,132	462,088
Fund balances, beginning of year	10,297,603	4,277	1,240,543	11,542,423
Fund balances, end of year	<u>\$ 10,631,608</u>	<u>\$ 51,228</u>	<u>\$ 1,321,675</u>	<u>\$ 12,004,511</u>

The accompanying notes are an integral part of this statement.

YOUNG 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 (Exhibit A-5)		\$ 462,088
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 1,400,670	
Depreciation expense for the year	<u>1,331,091</u>	69,579
Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale.		(28,875)
Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources increased by this amount:		(13,384)
The issuance of long-term debt is recorded as other sources in the governmental funds; however, they are recorded as long-term liabilities in the government-wide financial statements. The County issued capital leases during the year as follows:		
Notes payable	387,402	
Right-to-use leases payable	<u>105,432</u>	(492,834)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:		
Bonds payable	770,000	
Notes payable	458,852	
Right-to-use leases payable	<u>3,649</u>	1,232,501
Included in long-term debt are obligations for accrued vacation leave. The changes in these these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was:		16,728
The amortization of the bond premiums and deferred loss on refunding were as follows:		
Bond premiums	5,861	
Deferred loss on refunding	<u>(3,420)</u>	2,441
The change in accrued interest on long-term debt was:		(7,455)
The County uses an internal service fund to operate the County health insurance program for the benefit of all eligible employees and retirees. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is an increase in net position.		12,692
The net other post-employment benefit obligation is related to the County's retiree health care plan. The actuarial expense was less than the plan contributions in the current year.		3,875
The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. The plan contributions exceeded the actuarial expense in the current year.		<u>15,768</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ 1,273,124</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2023

	Insurance Fund
Assets	
Cash	\$ 345,207
Total assets	<u>345,207</u>
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net Position	
Unrestricted	345,207
Total net position	<u>\$ 345,207</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Insurance Fund
Operating revenues:	
Charges for services	\$ 1,097,761
Operating expenses:	
Insurance premiums and claims	1,090,612
Income from operations	7,149
Non-operating income:	
Interest income	5,543
Change in net position	12,692
Total net position - beginning	332,515
Total net position - ending	\$ 345,207

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Insurance Fund
Cash flows from operating activities	
Cash received for health insurance coverage	\$ 1,097,761
Cash paid to insurance provider	(1,063,704)
Cash paid to employees for health reimbursements	(26,908)
Net cash provided by operating activities	<u>7,149</u>
Cash flows from investing activities	
Interest earnings	<u>5,543</u>
Net increase in cash and cash equivalents	12,692
Cash and cash equivalents at beginning of the year	332,515
Cash and cash equivalents at end of the year	<u><u>\$ 345,207</u></u>
 Reconciliation of income from operations to net cash provided by operating activities:	
Operating income	\$ 7,149
Effect of change in current assets and liabilities:	
Decrease in accounts payable	-
Net cash provided by operating activities	<u><u>\$ 7,149</u></u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

	Custodial Funds
Assets	
Cash	\$ 941,205
Investments	206,904
Due from other funds	30,508
Total assets	<u>1,178,617</u>
Liabilities	
Due to other funds	84,643
Due to others	366,732
Total liabilities	<u>451,375</u>
Net Position	
Restricted for other purposes	727,242
Total net position	<u><u>\$ 727,242</u></u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
Additions	
Criminal Justice	\$ 275,990
Sheriff's Department	321,111
Tax Assessor Collector	7,991,800
County Clerk	193,163
District Clerk	382,635
County and District Attorneys	83,145
Justices of the Peace	175,614
Miscellaneous	95,891
Total additions	<u>9,519,349</u>
Deductions	
Criminal Justice	275,990
Sheriff's Department	288,424
Tax Assessor Collector	7,991,800
County Clerk	193,163
District Clerk	420,418
County and District Attorneys	85,154
Justices of the Peace	175,614
Miscellaneous	59,663
Total deductions	<u>9,490,226</u>
Change in net position	29,123
Net position - beginning	698,119
Net position - ending	<u><u>\$ 727,242</u></u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Young County (County), a political subdivision of the State of Texas, is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and ambulance service.

The accounting policies of the County conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standards setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements. Governmental activities are predominately supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, fines, fees and ambulance revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

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

The *American Rescue Grant Fund* is a special revenue fund used to account for the federal American Rescue Plan COVID-19 relief grant funds.

The County reports the following nonmajor governmental funds reported as 'Nonmajor Funds':

The *Special Revenue Funds* account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

The County reports the following internal service fund:

The *Insurance Fund* is used to account for the County's health insurance plan and related health reimbursement arrangement plan.

Additionally, the County reports the following fiduciary funds:

Custodial Funds are used to report cash and investments 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. The assets are held in a trustee or custodial capacity and are not available to support County programs; therefore, these funds are not included in the government-wide financial statements.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, Liabilities, and Net Position or Equity

a. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured by obligations that are described above; or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

All investments are stated at fair value which are based on quoted market prices.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, including those for the County, are shown net of an allowance for uncollectibles.

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Young County Appraisal District. Taxes are due without penalty until January 31 of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

c. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

YOUNG COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2023

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives are not capitalized.

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

Buildings and improvements	25 - 50 years
Machinery and equipment	5 - 20 years
Infrastructure	35 years
Right-to-use leased equipment	5 years
SBITA assets	3 years

6. Right-to-Use Leases

The County is a lessee for two noncancellable leases for equipment. The County recognizes lease liabilities, reported with long-term debt, and right-to-use lease assets (lease assets), reported with other capital assets, in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease.

Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the County is reasonably certain to exercise, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

7. Subscription-Based Information Technology Agreements (SBITAs)

The County has three noncancellable contracts with SBITA vendors for the right-to-use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The County recognizes subscription liabilities, reported with long-term debt, and right-to-use subscription assets (intangible assets), reported with other capital assets, in the government-wide financial statements. The County recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a SBITA, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

The subscription term includes the noncancellable period of the SBITA.

Subscription payments included in the measurement of the subscription liability is composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The County monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The amounts reported by the County in this category related to the County's participation in the Texas County and District Retirement System (TCDRS) and the deferred loss of debt refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

(revenue) until that time. The County has items that qualify for reporting in this category. The amounts reported by the County in this category include amounts related to the County's participation in TCDRS as well as property taxes receivable that are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

9. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$81,494 of accrued vacation and compensated absences at September 30, 2023 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum of 240 hours of accumulated earned sick leave. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts on long-term obligations are deferred and amortized over the life of the debt using the straight-line method which approximates the effective interest method. Long-term obligations payable is reported net of the applicable premium or discount. Issuance costs are expensed in the period the debt is issued.

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

11. 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 in 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 governing board 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 governing board. 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.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

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 governing board or by an official or body to which the governing board 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 convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself. At September 30, 2023, the assigned fund balance represents the budgeted deficit for 2023-24 in the General Fund.

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.

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.

12. Transactions Between Funds

Outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Pensions

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

15. Other Post-Employment Benefits

The fiduciary net position of the County's Retiree Health Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the County's Retiree Health Care Plan fiduciary net position.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

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.

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 are reported below, along with actions taken to address such violations:

The County had expenditures in excess of budget in ten departments ranging from \$243 to \$388,669. In the future, the County will be more diligent in making necessary budget adjustments to avoid unfavorable budget variances.

2. Deficit Fund Balance or Net Position of Individual Funds

The County has no funds with a deficit fund balance or net position.

C. DEPOSITS AND INVESTMENTS

1. Deposits

Deposits, except for those held in trust by the County Clerk, District Clerk and others, were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2023, the carrying amount of the County's deposits was \$14,449,086 and the balance per the bank was \$13,850,800. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$2,586,549.

The County Clerk, District Clerk and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2023 were \$941,205 and the balance per the bank was \$1,368,740. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$206,904.

2. Investments

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (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, maturity and the quality and capability of investment management; 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.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the 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.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

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>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Certificates of deposit	3.85	<u>\$2,586,549</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 below. 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 values its certificates of deposit using Level 2 inputs based on statements from the depository financial institution.

3. 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.

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.

YOUNG COUNTY, TEXAS **NOTES TO FINANCIAL STATEMENTS (CONT'D.)** **SEPTEMBER 30, 2023**

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 a 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.

D. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government for the year ended September 30, 2023 was \$0.587609 per \$100 valuation. No tax was levied to service long-term debt for the year ended September 30, 2023.

Allowances for uncollectible tax receivables within the General Fund and Other Governmental Funds 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.

At September 30, 2023, net property taxes receivable is calculated as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Gross property taxes receivable	\$478,391	\$41,692	\$520,083
Allowance for uncollectible taxes	(146,273)	(17,146)	(163,419)
Net property taxes receivable	<u>\$332,118</u>	<u>\$24,546</u>	<u>\$356,664</u>

Of the \$356,664 of net property taxes receivable at September 30, 2023, the County expects to collect approximately \$100,000 within a year. This is similar to the delinquent taxes received in previous years.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

E. CAPITAL ASSETS

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

Governmental Activities:	Restated Balance 10/1/2022	Additions	Retirements	Adjustments	Balance 9/30/2023
Capital assets not being depreciated:					
Land	\$ 711,731	\$ 116,651	\$ -	\$ -	\$ 828,382
Construction in progress	-	26,643	-	-	26,643
Total capital assets not being depreciated	<u>711,731</u>	<u>143,294</u>	<u>-</u>	<u>-</u>	<u>855,025</u>
Capital assets being depreciated:					
Buildings and improvements	16,955,228	143,393	-	-	17,098,621
Machinery and equipment	9,309,350	1,008,551	141,455	-	10,176,446
Infrastructure	3,762,163	-	-	-	3,762,163
Right-to-use leased equipment	-	105,432	-	-	105,432
SBITA assets	<u>116,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,515</u>
Total capital assets being depreciated	<u>30,143,256</u>	<u>1,257,376</u>	<u>141,455</u>	<u>-</u>	<u>31,259,177</u>
Less accumulated depreciation for:					
Buildings and improvements	5,614,151	292,231	-	-	5,906,382
Machinery and equipment	4,458,809	889,533	112,580	-	5,235,762
Infrastructure	1,926,400	105,825	-	-	2,032,225
Right-to-use leased equipment	-	4,664	-	-	4,664
SBITA assets	<u>3,237</u>	<u>38,838</u>	<u>-</u>	<u>-</u>	<u>42,075</u>
Total accumulated depreciation	<u>12,002,597</u>	<u>1,331,091</u>	<u>112,580</u>	<u>-</u>	<u>13,221,108</u>
Total capital assets being depreciated, net	<u>18,140,659</u>	<u>(73,715)</u>	<u>28,875</u>	<u>-</u>	<u>18,038,069</u>
Governmental activities capital assets, net	<u>\$18,852,390</u>	<u>\$ 69,579</u>	<u>\$ 28,875</u>	<u>\$ -</u>	<u>\$18,893,094</u>

Depreciation expense was charged to departments of the County as follows:

Nondepartmental Costs	\$ 87,274
Elections	68,136
Courthouse Maintenance	1,045
Constables	4,655
Sheriff, Dispatch and Jail	388,545
911 mapping	1,059
Fort Belknap	12,105
Road and Bridge	<u>768,272</u>
Total governmental depreciation	<u>\$1,331,091</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balances due to and from other funds at September 30, 2023 were as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 23,979	Short-term borrowings
General Fund	Agency Funds	54,135	Fee account balances
Nonmajor Funds	General Fund	11,082	Short-term borrowings
Agency Funds	Agency Funds	<u>30,508</u>	Fee account balances
	Total	<u>\$119,704</u>	

All of the above amounts are expected to be repaid within one year.

Interfund transfers during the year ended September 30, 2023 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$2,707,105	Supplement other resources
General Fund	Nonmajor Funds	<u>735,243</u>	Supplement other resources
	Total	<u>\$3,442,348</u>	

G. LONG-TERM OBLIGATIONS

The County issued bonded debt, notes payable, right-to-use lease liabilities and SBITA liabilities to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

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

	<u>Restated Balance 10/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/2023</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds payable	\$ 770,000	\$ -	\$ 770,000	\$ -	\$ -
Bond premium	5,861	-	5,861	-	-
Notes payable	1,810,707	387,402	458,852	1,739,257	1,260,233
Right-to-use lease liabilities	-	105,432	3,649	101,783	20,300
SBITA liabilities	58,015	-	-	58,015	28,299
Compensated absences *	<u>98,222</u>	<u>202,570</u>	<u>219,298</u>	<u>81,494</u>	<u>81,494</u>
Totals	<u>\$2,742,805</u>	<u>\$ 695,404</u>	<u>\$1,457,660</u>	<u>\$1,980,549</u>	<u>\$1,390,326</u>

* Compensated absences are generally liquidated by the General Fund.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

Notes Payable

Notes payable at September 30, 2023 are as follows:

	<u>Original Debt</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2023</u>
2019 Kubota Excavator – Prec. #4	\$ 97,918	3.65%	11/1/2024	\$ 37,069
2021 Mack Truck – Prec. #2	128,906	2.65%	1/24/2024	85,524
2022 Mack Truck – Prec. #3	46,029	2.50%	8/2/2024	15,723
2022 Mack Truck – Prec. #3	46,029	2.50%	8/2/2024	15,723
2021 Chevy Tahoe – Sheriff's Dept.	60,623	2.60%	9/1/2024	27,308
2021 Chevy Tahoe – Sheriff's Dept.	64,108	2.60%	9/1/2024	28,501
2021 Chevy Tahoe – Sheriff's Dept.	64,108	2.60%	9/1/2024	28,501
2021 Chevy Tahoe – Sheriff's Dept.	60,255	2.60%	9/1/2024	27,182
2021 Chevy Express Van 3500 – Jail	41,734	2.60%	9/13/2026	25,680
2021 Mack Truck – Prec. #4	128,686	2.35%	12/17/2023	99,394
2021 Mack Truck – Prec. #4	128,686	2.35%	12/17/2023	99,394
2021 Mack Truck – Prec. #2	128,643	2.65%	9/3/2024	100,088
2021 CAT 150 Motorgrader – Prec. #2	276,721	2.35%	7/23/2024	192,784
2021 Kubota Motorgrader – Prec. #1	184,495	2.50%	2/15/2026	91,485
2021 Kubota Motorgrader – Prec. #1	192,575	2.50%	2/15/2026	91,485
2021 John Deere 670G Motorgrader – Prec. #1	237,345	2.75%	6/15/2024	174,560
2021 John Deere 670G Motorgrader – Prec. #4	283,026	2.75%	4/27/2024	211,454
2023 Mack Truck – Prec. #2	142,185	4.66%	12/18/2025	142,185
2023 Mack Truck – Prec. #1	142,571	4.66%	12/18/2025	142,571
2023 John Deere 6110M Tractor – Prec. #4	102,646	5.65%	2/15/2026	<u>102,646</u>
Total				<u>\$1,739,257</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

Debt service requirements on the notes payable at September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$1,260,233	\$50,829	\$1,311,062
2025	157,104	19,785	176,889
2026	<u>321,920</u>	<u>14,502</u>	<u>336,422</u>
Totals	<u>\$1,739,257</u>	<u>\$85,116</u>	<u>\$1,824,373</u>

Right-to-use Lease Liabilities

Right-to-use lease liabilities at September 30, 2023 are as follows:

	<u>Original Debt</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2023</u>
Postage Machine – General	\$36,472	5.00%	5/14/2028	\$ 34,856
Copiers – General	68,960	5.00%	6/24/2028	<u>66,927</u>
Total				<u>\$101,783</u>

Debt service requirements on the right-to-use lease liabilities at September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 20,300	\$ 4,907	\$ 25,207
2025	20,262	3,643	23,905
2026	21,297	2,608	23,905
2027	22,385	1,520	23,905
2028	<u>17,539</u>	<u>390</u>	<u>17,929</u>
Totals	<u>\$101,783</u>	<u>\$13,068</u>	<u>\$114,851</u>

SBITA Liabilities

SBITA liabilities at September 30, 2023 are as follows:

	<u>Original Debt</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2023</u>
Ticket writing/info. verification software – Sheriff	\$58,015	5.00%	1/17/2025	<u>\$58,015</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

Debt service requirements on the SBITA liabilities at September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$28,299	\$2,901	\$31,200
2025	<u>29,716</u>	<u>1,484</u>	<u>31,200</u>
Totals	<u>\$58,015</u>	<u>\$4,385</u>	<u>\$62,400</u>

Total Long-Term Debt

Debt service requirements for all long-term debt at September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$1,308,832	\$ 58,637	\$1,367,469
2025	207,082	24,912	231,994
2026	343,217	17,110	360,327
2027	22,385	1,520	23,905
2028	<u>17,539</u>	<u>390</u>	<u>17,929</u>
Totals	<u>\$1,899,055</u>	<u>\$102,569</u>	<u>\$2,001,624</u>

H. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. During fiscal year 2023, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

I. CONTINGENT LIABILITIES AND COMMITMENTS

Grant Awards

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 collectability 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.

YOUNG COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2023

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses are recorded as expenditures in the period when litigation services are rendered and damages are accrued as expenditures when determined to be probable and when amounts can reasonably be estimated. No liabilities have been accrued in the financial statements relative to litigation at September 30, 2023.

Trust Funds

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

Annex Remodel

The County hired an architect firm to draw plans to remodel the courthouse annex. The contract is totaled \$63,460 and \$26,643 was incurred through September 30, 2023 leaving a remaining commitment under the contract of \$36,817.

J. DEFINED BENEFIT PENSION PLAN

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis that is publicly available at www.tcdrs.org.

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 at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years 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.

2. Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the County-financed monetary credits. The level of these monetary credits is adopted by the governing body 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 County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

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	104
Inactive employees entitled to but not yet receiving benefits	136
Active employees	108

3. 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 the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.66% for the months of the accounting year in 2021, and 7.91% for the months of the accounting year in 2023.

The contribution rate payable by the employee members for calendar year 2022 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

4. Net Pension Asset

The County's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability used to calculate the NPL was determined by an actuarial valuation.

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2022 were based on the results of an actuarial experience investigation of TCDRS over the years 2017-2020, except where required to be different by GASB 68.

Real rate of return	5.00% per year
Inflation	2.50% per year
Long-term investment return	7.50% per year, net of pension plan investments expenses
Growth in membership	0.00% per year
Payroll growth	3.00% per year

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

YOUNG COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2023

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation.

The capital market assumptions and information shown below are based on January 2023 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation of 2.3%, per Cliffwater's 2023 capital market assumptions

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

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

Discount Rate

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and net pension liability (asset) of the employer is equal to the long-term assumed rate of return on investments (7.60%).

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2021	\$26,631,769	\$30,121,447	(\$3,489,678)
Changes for the year:			
Service cost	551,824	-	551,824
Interest on total pension liability	2,011,657	-	2,011,657
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	141,858	-	141,858
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(52,166)	(52,166)	-
Benefit payments	(1,403,316)	(1,403,316)	-
Administrative expense	-	(16,199)	16,199
Member contributions	-	344,526	(344,526)
Net investment income	-	(1,707,373)	1,707,373
Employer contributions	-	426,230	(426,230)
Other	-	(71,231)	71,231
Balances as of December 31, 2022	<u>\$27,881,626</u>	<u>\$27,641,918</u>	<u>\$239,708</u>

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability (asset)	<u>\$3,402,684</u>	<u>\$239,708</u>	<u>(\$2,457,998)</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

Pension Expense

	January 1, 2022 to December 31, 2022
Service cost	\$ 551,824
Interest on total pension liability ⁽¹⁾	2,011,657
Effect of plan changes	-
Administrative expenses	16,199
Member contributions	(344,526)
Expected investment return net of investment expenses	(2,260,425)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(49,281)
Recognition of assumption changes or inputs	376,886
Recognition of investment gains or losses	46,523
Other ⁽²⁾	<u>71,231</u>
Pension expense	<u>\$ 420,088</u>

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

⁽²⁾ Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 94,572	\$ 3,049
Changes of assumptions	-	45,638
Net difference between projected and actual earnings	461,996	-
Contributions made subsequent to measurement date	<u>328,179</u>	<u>-</u>
Total	<u>\$884,747</u>	<u>\$48,687</u>

\$328,179 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset for the year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2023	(\$ 378,423)
2024	15,516
2025	77,230
2026	793,558

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

The County administers the Young County Retiree Health Care Plan for retired employees.

1. Plan Description

Any employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical. The retired employee may continue coverage for dependents as well. Premiums for the retired employee and any dependents are paid by the retired employee. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

2. Demographic Information

<u>Status</u>	<u>9/30/23</u>
Active – Employee Only	77
Active – Employee and Dependent	15
Retired – Employee Only	2
Retired – Employee and Dependent	0

3. Actuarial Methods and Assumptions Used for GASB Calculations

GASB accounting methodology were used to determine the post-retirement medical benefit obligations.

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.87% (2.37% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from \$11,024 at age 50 to \$15,576 at age 64.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2021

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full contribution rate for the medical and life insurance and dental coverage.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 20% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.
Valuation Date	September 30, 2023
Measurement Date	September 30, 2023

4. Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance as of September 30, 2022	\$46,690
Changes for the year:	
Service cost	5,238
Interest cost	2,331
Changes of benefit terms	-
Differences between expected and actual experience	10,892
Changes in assumptions	(524)
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	(6,102)
Administrative expense	-
Balance as of September 30, 2023	<u>\$58,525</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

Sensitivity Analysis of the Discount and Trend Rate

Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.87%, 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 (3.87%) or 1 percentage point higher (5.87%) than the current rate.

	1% Decrease <u>3.87%</u>	Current Discount Rate <u>4.87%</u>	1% Increase <u>5.87%</u>
Total OPEB liability	<u>\$63,999</u>	<u>\$58,525</u>	<u>\$53,580</u>

Trend Rate

The following presents the total OPEB liability of the County, calculated using the healthcare cost trend rate of 4.50%, 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 (3.50%) or 1 percentage point higher (5.50%) than the current rate.

	1% Decrease <u>3.50%</u>	Current Trend Rate <u>4.50%</u>	1% Increase <u>5.50%</u>
Total OPEB liability	<u>\$51,863</u>	<u>\$58,525</u>	<u>\$66,461</u>

5. *OPEB Expense*

	October 1, 2022 to <u>September 30, 2023</u>
Service cost	\$5,238
Interest cost (including interest on Service Cost)	2,331
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	(3,329)
Changes in assumptions or other inputs	(2,013)
Other changes, if significant	-
Difference of projected investment earnings	-
Total OPEB expense as of September 30, 2023	<u>\$2,227</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2023

6. Deferred Outflows / Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,618	\$21,292
Changes of assumptions/inputs	1,087	12,050
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$10,705</u>	<u>\$33,342</u>

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

<u>Year Ended December 31:</u>	
2024	(\$5,343)
2025	(6,814)
2026	(6,069)
2027	(3,095)
2028	(1,969)
2029	653

L. JUDICIAL ASSESSMENT RECEIVABLES

At September 30, 2023, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

M. PRIOR PERIOD ADJUSTMENT

During fiscal year 2023, the County adopted GASB Statement No. 96, Subscription-Based Information Technology Agreements (GASB 96). After the implementation of GASB 96, these agreements were reported as SBITA assets and SBITA liabilities. The effect of the change in reporting of these agreements was an increase to SBITA assets, net by \$113,278 and an increase to SBITA liabilities by \$58,015 in the statement of net position and an increase to beginning net position by \$55,263 in the statement of activities.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 7,274,250	\$ 7,274,250	\$ 8,208,480	\$ 934,230
Sales taxes	1,680,000	1,680,000	1,706,358	26,358
Occupancy taxes	95,000	95,000	83,528	(11,472)
Mixed beverage tax	37,000	37,000	37,634	634
Licenses, fees and fines	767,600	767,600	708,632	(58,968)
Other governmental reimbursements	1,335,400	1,335,400	1,310,077	(25,323)
Auto registration	523,000	523,000	499,787	(23,213)
Surtax on auto registration	190,000	190,000	201,890	11,890
Federal and state grants	388,200	388,200	365,952	(22,248)
Wind farm revenue	650,000	650,000	-	(650,000)
Interest earned	87,100	87,100	333,806	246,706
Other revenue	127,800	127,800	478,755	350,955
Total revenues	13,155,350	13,155,350	13,934,899	779,549
Expenditures				
County judge	173,194	173,194	168,391	4,803
County clerk	282,968	282,968	276,968	6,000
Veteran service	25,911	25,911	25,674	237
Homeland security	13,350	13,350	20,529	(7,179)
Nondepartmental costs	1,105,906	1,105,906	193,065	912,841
Computer department	132,933	132,933	97,489	35,444
County/District court	555,850	555,850	333,038	222,812
District clerk	235,581	235,581	206,360	29,221
Justices of the peace	380,030	380,030	379,477	553
District judge	76,557	76,557	72,146	4,411
County attorney	286,590	286,590	275,568	11,022
District attorney	388,519	388,519	349,342	39,177
Elections	222,421	222,421	178,832	43,589
County auditor	242,374	242,374	240,801	1,573
County treasurer	159,436	159,436	159,339	97
Tax assessor/collector	517,812	517,812	494,972	22,840
Courthouse maintenance	265,034	265,034	244,775	20,259
Annex maintenance	18,400	18,400	20,452	(2,052)
Ambulance	244,000	244,000	244,000	-
Constables	88,383	88,383	86,449	1,934
Department of public safety and game warden	6,500	6,500	6,487	13
Sheriff, dispatch and jail	3,418,653	3,418,653	3,322,708	95,945
911 mapping	85,309	85,309	70,156	15,153
Adult probation	494,995	494,995	501,860	(6,865)
Juvenile probation	670,089	670,089	650,896	19,193
Pauper services	18,500	18,500	10,300	8,200
Fort Belknap	124,054	124,054	127,431	(3,377)
Agricultural extension agent	33,976	33,976	34,219	(243)
Home economics agent	32,926	32,926	30,807	2,119
TAEX office	72,541	72,541	70,405	2,136
Employee benefits	79,035	79,035	78,866	169
District court reporter	125,908	125,908	122,983	2,925
Road and bridge	2,773,256	2,773,256	2,777,866	(4,610)
Hospital and medical costs	160,000	160,000	219,998	(59,998)
Medical administrative costs	78,000	78,000	80,619	(2,619)

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Capital outlay	353,000	353,000	741,669	(388,669)
Debt service - principal	378,560	378,560	460,260	(81,700)
Debt service - interest	46,299	46,299	44,181	2,118
Total expenditures	14,366,850	14,366,850	13,419,378	947,472
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	(1,211,500)	(1,211,500)	515,521	1,727,021
Other sources and (uses):				
Issuance of debt	-	-	492,834	492,834
Proceeds from sale of capital assets	10,000	10,000	60,893	50,893
Transfers in	2,707,105	2,707,105	2,707,105	-
Transfers out	(2,707,105)	(2,707,105)	(3,442,348)	(735,243)
Total other sources and (uses)	10,000	10,000	(181,516)	(191,516)
Net change in fund balances	(1,201,500)	(1,201,500)	334,005	1,535,505
Fund balances, beginning of year	10,297,603	10,297,603	10,297,603	-
Fund balances, end of year	\$ 9,096,103	\$ 9,096,103	\$ 10,631,608	\$ 1,535,505

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
AMERICAN RESCUE GRANT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal and state grants	\$ 2,767,887	\$ 2,767,887	\$ 796,219	\$ (1,971,668)
Interest earned	6,000	6,000	46,951	40,951
Total revenues	<u>2,773,887</u>	<u>2,773,887</u>	<u>843,170</u>	<u>(1,930,717)</u>
Expenditures				
ARPA	2,773,887	2,773,887	166,093	2,607,794
Capital outlay	-	-	630,126	(630,126)
Total expenditures	<u>2,773,887</u>	<u>2,773,887</u>	<u>796,219</u>	<u>2,607,794</u>
Net change in fund balances	-	-	46,951	677,077
Fund balances, beginning of year	<u>4,277</u>	<u>4,277</u>	<u>4,277</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,277</u>	<u>\$ 4,277</u>	<u>\$ 51,228</u>	<u>\$ 677,077</u>

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2022	2021	2020	2019
Total Pension Liability				
Service cost	\$ 551,824	\$ 585,851	\$ 541,462	\$ 515,223
Interest on total pension liability	2,011,657	1,937,017	1,887,337	1,799,404
Effect of plan changes	-	-	-	-
Effect of plan changes or inputs	-	(136,914)	1,267,570	-
Effect of economic/demographic (gains) or losses	141,858	(9,145)	(280,557)	(54,457)
Benefit payments/refunds of contributions	(1,455,482)	(1,269,274)	(1,276,286)	(1,128,255)
Net change in total pension liability	1,249,857	1,107,535	2,139,526	1,131,915
Total pension liability, beginning	26,631,769	25,524,234	23,384,708	22,252,793
Total pension liability, ending (a)	<u>\$ 27,881,626</u>	<u>\$ 26,631,769</u>	<u>\$ 25,524,234</u>	<u>\$ 23,384,708</u>
Fiduciary Net Position				
Employer contributions	\$ 426,230	\$ 386,404	\$ 389,778	\$ 377,444
Member contributions	344,526	323,546	317,635	310,474
Investment income net of investment expenses	(1,707,373)	5,477,225	2,417,560	3,369,221
Benefit payments/refunds of contributions	(1,455,482)	(1,269,274)	(1,276,286)	(1,128,255)
Administrative expenses	(16,199)	(16,296)	(18,460)	(17,842)
Other	(71,231)	(8,898)	(14,513)	(11,814)
Net change in fiduciary net position	(2,479,529)	4,892,707	1,815,714	2,899,228
Fiduciary net position, beginning	30,121,447	25,228,740	23,413,026	20,513,798
Fiduciary net position, ending (b)	<u>\$ 27,641,918</u>	<u>\$ 30,121,447</u>	<u>\$ 25,228,740</u>	<u>\$ 23,413,026</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 239,708</u>	<u>\$ (3,489,678)</u>	<u>\$ 295,494</u>	<u>\$ (28,318)</u>
Fiduciary net position as a % of total pension liability	<u>99.14%</u>	<u>113.10%</u>	<u>98.84%</u>	<u>100.12%</u>
Covered payroll	<u>\$ 4,921,802</u>	<u>\$ 4,622,081</u>	<u>\$ 4,537,637</u>	<u>\$ 4,435,347</u>
Net pension liability as a % of covered payroll	<u>4.87%</u>	<u>-75.50%</u>	<u>6.51%</u>	<u>-0.64%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

2018	2017	2016	2015	2014	2013
\$ 495,248	\$ 504,052	\$ 518,903	\$ 509,318	\$ 481,281	N/A
1,730,212	1,644,083	1,550,621	1,500,140	1,419,896	N/A
-	-	-	(48,149)	-	N/A
-	113,088	-	204,806	-	N/A
(272,341)	(59,356)	(24,375)	(345,621)	(9,477)	N/A
(1,109,825)	(1,148,917)	(1,133,284)	(1,117,345)	(870,631)	N/A
843,294	1,052,950	911,865	703,149	1,021,069	N/A
21,409,499	20,356,549	19,444,684	18,741,535	17,720,466	N/A
<u>\$ 22,252,793</u>	<u>\$ 21,409,499</u>	<u>\$ 20,356,549</u>	<u>\$ 19,444,684</u>	<u>\$ 18,741,535</u>	<u>N/A</u>
\$ 359,307	\$ 334,280	\$ 380,529	\$ 385,358	\$ 387,237	N/A
299,424	288,885	292,072	288,813	276,598	N/A
(403,645)	2,787,620	1,348,459	84,601	1,211,550	N/A
(1,109,825)	(1,148,917)	(1,133,284)	(1,117,346)	(870,631)	N/A
(16,477)	(14,229)	(14,652)	(13,228)	(13,929)	N/A
(11,231)	(7,180)	46,876	31,954	(36,635)	N/A
(882,447)	2,240,459	920,000	(339,848)	954,190	N/A
21,396,245	19,155,786	18,235,786	18,575,634	17,621,444	N/A
<u>\$ 20,513,798</u>	<u>\$ 21,396,245</u>	<u>\$ 19,155,786</u>	<u>\$ 18,235,786</u>	<u>\$ 18,575,634</u>	<u>N/A</u>
<u>\$ 1,738,995</u>	<u>\$ 13,254</u>	<u>\$ 1,200,763</u>	<u>\$ 1,208,898</u>	<u>\$ 165,901</u>	<u>N/A</u>
92.19%	99.94%	94.10%	93.78%	99.11%	N/A
<u>\$ 4,277,481</u>	<u>\$ 4,126,934</u>	<u>\$ 4,172,463</u>	<u>\$ 4,125,904</u>	<u>\$ 3,951,400</u>	<u>N/A</u>
40.65%	0.32%	28.78%	29.30%	4.20%	N/A

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 387,237	\$ 387,237	\$ -	\$ 3,951,400	9.8%
2015	385,358	385,358	-	4,125,904	9.3%
2016	380,529	380,529	-	4,172,463	9.1%
2017	334,280	334,280	-	4,126,934	8.1%
2018	350,993	350,993	-	4,218,852	8.3%
2019	369,409	369,409	-	4,356,252	8.5%
2020	404,686	404,686	-	4,722,961	8.6%
2021	384,935	384,935	-	4,574,703	8.4%
2022	413,002	413,002	-	4,808,216	8.6%
2023	435,854	435,854	-	5,392,276	8.1%

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

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
YOUNG COUNTY RETIREE HEALTH CARE PLAN

	2023	2022	2021	2020
Total OPEB Liability				
Service cost	\$ 5,238	\$ 6,847	\$ 6,426	\$ 6,789
Interest cost	2,331	1,792	1,841	2,396
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	10,892	(20,787)	(9,319)	(5,300)
Changes in assumptions	(524)	(13,614)	14	(5,938)
Other changes	-	-	-	-
Contributions-employer	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(6,102)	-	(3,807)	(7,836)
Administrative expense	-	-	-	-
Net change in total OPEB liability	11,835	(25,762)	(4,845)	(9,889)
Total OPEB liability, beginning	46,690	72,452	77,297	87,186
Total OPEB liability, ending	<u>\$ 58,525</u>	<u>\$ 46,690</u>	<u>\$ 72,452</u>	<u>\$ 77,297</u>
Covered payroll	<u>\$ 4,124,687</u>	<u>\$ 3,587,947</u>	<u>\$ 3,469,824</u>	<u>\$ 3,363,926</u>
Net OPEB liability as a % of covered payroll	<u>1.42%</u>	<u>1.30%</u>	<u>2.09%</u>	<u>2.30%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

2019	2018	2017	2016	2015	2014
\$ 5,576	\$ 5,358	N/A	N/A	N/A	N/A
3,060	3,307	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
2,527	-	N/A	N/A	N/A	N/A
6,424	-	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
(11,559)	(7,220)	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
6,028	1,445	N/A	N/A	N/A	N/A
81,158	79,713	N/A	N/A	N/A	N/A
\$ 87,186	\$ 81,158	N/A	N/A	N/A	N/A
\$ 3,430,739	\$ 3,073,162	N/A	N/A	N/A	N/A
2.54%	2.64%	N/A	N/A	N/A	N/A

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

A. BUDGETARY INFORMATION

Annual budgets are adopted on the GAAP basis of accounting for all governmental funds except capital project funds. Project-length budgets were adopted for all capital projects funds. All annual appropriations lapse at fiscal year end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2023, expenditures exceeded appropriations in the General Fund in ten functional categories as follows:

Homeland security	\$ 7,179
Annex maintenance	2,052
Adult probation	6,865
Fort Belknap	3,377
Agricultural extension agent	243
Road and bridge	4,610
Hospital and medical costs	59,998
Medical administrative costs	2,619
Capital outlay	388,669
Debt service - principal	81,700

These over-expenditures were funded by available fund balance.

YOUNG COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONT'D.) SEPTEMBER 30, 2023

C. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.1 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in 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 reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Note Schedule

YOUNG COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONT'D.) SEPTEMBER 30, 2023

D. YOUNG COUNTY RETIREE HEALTH CARE PLAN

There were no changes to benefit terms or assumptions during the year except for the discount rate which increased from 4.77% to 4.87%.