

BOWIE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

BOWIE COUNTY, TEXAS

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
And Members of the Commissioners' Court
Bowie County, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bowie County, Texas, as of September 30, 2023, and the respective changes in financial position and, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter - Change of Accounting Principle

As described in the notes to the financial statements, in fiscal year 2023 Bowie County, Texas, adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based IT Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bowie County, Texas' 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 Bowie County, Texas' 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, budgetary comparison information, and pension and OPEB information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bowie County, Texas' basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of Bowie County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Bowie County, Texas' 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 Bowie County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 28, 2024

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

This section of the Bowie County, Texas (the "County") financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- The County's total net position decreased by \$7,874,851, or 19%, over the course of this year's operations.
- The total government-wide assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at September 30, 2023, by \$35,368,646 and is reported as total net position of the County. Of this amount, \$1,196,329 represents unrestricted net position, \$18,178,690 is restricted, and \$15,993,627 is the net investment in capital assets.
- As of September 30, 2023, the County's governmental funds reported combined fund balances of \$32,438,521, as compared to \$38,199,723 at September 30, 2022. This represented a decrease of \$5,761,202. This decrease can be primarily attributed to the Local Provider Participation Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components: 1) Government-wide financial statements; 2) Fund financial statements and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets, deferred inflows/outflows of resources and liabilities, with the difference representing net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information that indicates how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The County has no business-type activities. The governmental activities of the County include general government, public safety, public works and health and welfare.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal requirements. All the funds of the County can be divided into two categories: governmental funds and fiduciary funds. The County does not have any proprietary 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 near-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 near-term financing requirements.

Because the focus of governmental funds is narrower than of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside 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 own programs.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found starting on page 18.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the County's compliance with its adopted budget for the General Fund, its employee pension plan and its other post-employment benefit plans to its employees. Required supplementary information can be found immediately following the notes to the financial statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bowie County, assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources by \$35,368,646 at the close of the most recent fiscal year. The following table indicates the County's financial position as of September 30, 2023, and September 30, 2022.

STATEMENT OF NET POSITION

| | Governmental Activities | |
|--------------------------------------|-------------------------|----------------------|
| | 2023 | 2022 |
| Current and other assets | \$ 58,957,649 | \$ 72,741,692 |
| Capital assets | <u>16,545,639</u> | <u>16,412,252</u> |
| Total assets | <u>75,503,288</u> | <u>89,153,944</u> |
| Total deferred outflows of resources | <u>3,715,563</u> | <u>4,848,279</u> |
| Current liabilities | 12,290,844 | 14,748,997 |
| Noncurrent liabilities | <u>28,609,872</u> | <u>24,417,348</u> |
| Total liabilities | <u>40,900,716</u> | <u>39,166,345</u> |
| Total deferred inflows of resources | <u>2,949,489</u> | <u>12,270,720</u> |
| Net position: | | |
| Net investment in capital assets | 15,993,627 | 16,543,847 |
| Restricted | 18,178,690 | 32,273,604 |
| Unrestricted | <u>1,196,329</u> | <u>(6,252,293)</u> |
| Total net position | \$ <u>35,368,646</u> | \$ <u>42,565,158</u> |

The first portion of the County's current fiscal year net position, \$15,993,627, reflects its investments in capital assets (e.g. land, improvements, buildings, equipment, infrastructure) less any related debt used to acquire these assets that is outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the County's current fiscal year net position, \$1,196,329 represents unrestricted net position and \$18,178,690 represents restricted net position. The restricted net position has constraints which have been placed on the use of these resources either (a) externally imposed by creditors, grantors, contributors, or by laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The following table indicates the changes in net position for governmental activities:

STATEMENT OF ACTIVITIES

| | Governmental Activities | |
|---|-------------------------|----------------------|
| | 2023 | 2022 |
| REVENUES | | |
| Program revenues: | | |
| Charges for services | \$ 4,335,972 | \$ 5,929,285 |
| Operating grants and contributions | 28,478,856 | 29,463,391 |
| General revenues: | | |
| Property taxes, levied for general purposes | 24,002,532 | 20,723,174 |
| Property taxes, levied for debt service | 2,260,438 | 2,244,818 |
| Sales taxes | 9,952,937 | 9,720,611 |
| Other taxes | 1,199,108 | 1,171,688 |
| Investment earnings | 1,959,919 | 285,671 |
| Miscellaneous | 1,201,648 | 267,594 |
| Miscellaneous | <u>126,110</u> | <u>-</u> |
| Total revenues | <u>73,517,520</u> | <u>69,806,232</u> |
| EXPENSES | | |
| General government | 9,266,327 | 6,710,606 |
| Public safety | 27,231,491 | 28,982,654 |
| Public works | 4,197,016 | 2,126,748 |
| Health and welfare | 40,219,356 | 11,178,731 |
| Interest on long-term debt | <u>478,181</u> | <u>624,876</u> |
| Total expenses | <u>81,392,371</u> | <u>49,623,615</u> |
| CHANGE IN NET POSITION | (7,874,851) | 20,182,617 |
| PRIOR PERIOD ADJUSTMENT | 678,339 | - |
| NET POSITION, BEGINNING | <u>42,565,158</u> | <u>22,382,541</u> |
| NET POSITION, ENDING | <u>\$ 35,368,646</u> | <u>\$ 42,565,158</u> |

Property taxes are collected to support governmental activities through the General and Debt Service funds. Property taxes increased by \$3,294,978 or 14% for the fiscal year. This increase was primarily due to an increase in the appraised value of taxable property. Income from charges for services decreased by \$1,593,313. These revenues decreased mainly due to 1) the Local Participation Provider program and 2) the end of a contract with the operator of the County jail. Grants and contributions decreased by \$984,535 during the fiscal year due to increases in the Local Provider Participation Fund. Expenses for the County increased by \$31,768,756 mainly due to fluctuation of activity for the Local Participation Provider program.

FINANCIAL ANALYSIS OF MAJOR FUNDS

Governmental Funds. The County's major general government functions are contained in the General Fund. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2023, the County's governmental funds reported combined fund balances of \$32,438,521 as compared to \$38,199,723 at September 30, 2022.

The General Fund is the chief operating fund of the County. At September 30, 2023, the General Fund reported revenues of \$45,474,965 and expenditures of \$40,939,603 as compared to revenues of \$40,758,631 and expenditures of \$38,183,829 at September 30, 2022. Unassigned fund balance for the General Fund at year-end was \$24,446,450.

The Local Provider Participation Fund had a decrease in fund balance during the current year of \$12,198,465. The decrease was due to a timing difference between mandatory collections received and payments made to the state.

The American Rescue Plan Fund ended the fiscal year with a fund balance of \$417,602. The activity in this fund will increase next year.

The Debt Service Fund had a slight decrease in fund balance during the year of \$700.

GENERAL FUND BUDGETARY HIGHLIGHTS

Tax revenues were under-budgeted by approximately \$2,117,209. Total General Fund appropriations exceeded expenditures by \$3,997,846.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2023, amounted to \$16,545,639 (net of accumulated depreciation) as compared to \$16,412,252 at September 30, 2022. This investment in capital assets includes land, buildings and improvements, structures, equipment, vehicles, machinery, and other tangible and intangible assets.

For further information regarding capital assets, see the notes to the financial statements.

Long-term Debt. At September 30, 2023, the County had total long-term debt outstanding of \$17,952,962. Total long-term debt outstanding at September 30, 2022, was \$19,260,498.

The primary cause of the decrease in long-term debt was the scheduled debt service payments for the various notes and bonds outstanding.

For further information regarding long-term debt, see the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2023-2024 budget overall tax rate has decreased slightly to \$0.396934. The total rate consists of \$0.035242 for debt service and \$0.361692 for maintenance and operations. Budgeted revenues for the General Fund total \$44,454,710 and budgeted expenses total \$44,454,710.

The 2023-2024 budget will be the third full year the County has faced running the Bowie County Correctional Center. The County no longer has a contract with the Federal Marshal Service, which has decreased the inmate housing revenue. Sales tax revenue has increased despite the limitations of the economy.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor's Office, P. O. Box 248, New Boston, Texas 75570.

**BASIC
FINANCIAL STATEMENTS**

BOWIE COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash and investments | \$ 42,725,037 |
| Receivables, net of allowance for uncollectibles: | |
| Accounts | 223,505 |
| Leases | 1,285,697 |
| Adjudicated fines | 569,331 |
| Property taxes | 1,622,793 |
| Sales taxes | 1,669,729 |
| Intergovernmental | 10,067,450 |
| Prepaid expenses | 27,340 |
| Investment in joint venture | 766,767 |
| Capital assets: | |
| Land | 991,100 |
| Buildings | 20,616,826 |
| Machinery and equipment | 13,567,308 |
| Infrastructure | 36,191,230 |
| Right to use: subscriptions | 1,489,320 |
| Less: accumulated depreciation | <u>(56,310,145)</u> |
| Total capital assets | <u>16,545,639</u> |
| Total assets | <u>75,503,288</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | 3,447,507 |
| Deferred outflows related to OPEB | <u>268,056</u> |
| Total deferred outflows of resources | <u>3,715,563</u> |
| LIABILITIES | |
| Accounts payable | 1,865,922 |
| Accrued liabilities | 431,710 |
| Due to other governments | 367,252 |
| Accrued interest | 104,258 |
| Unearned revenue | 9,110,857 |
| Short-term note payable | 410,845 |
| Noncurrent liabilities: | |
| Due within one year: | |
| Long-term debt | 2,239,018 |
| Total OPEB liability | 259,105 |
| Due in more than one year: | |
| Long-term debt | 15,713,944 |
| Net pension liability | 5,456,972 |
| Total OPEB liability | <u>4,940,833</u> |
| Total liabilities | <u>40,900,716</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to leases | 1,285,873 |
| Deferred inflows related to pensions | 587,821 |
| Deferred inflows related to OPEB | 854,966 |
| Deferred gain on bond refunding | <u>220,829</u> |
| Total deferred inflows of resources | <u>2,949,489</u> |
| NET POSITION | |
| Net investment in capital assets | 15,993,627 |
| Restricted for: | |
| Debt service | 10,233,025 |
| Road improvements | 431,733 |
| Inmate benefit | 265,253 |
| Law library | 22,096 |
| District Attorney | 245,634 |
| Public safety | 553,055 |
| Records management and preservation | 600,762 |
| Court security | 205,015 |
| Justice court technology | 54,240 |
| Health and welfare | 5,501,843 |
| Drug Court | 66,032 |
| Unrestricted | <u>1,196,329</u> |
| Total net position | <u>\$ 35,368,646</u> |

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

BOWIE 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 | |
| Governmental activities: | | | | |
| General government | \$ 9,266,327 | \$ 2,327,109 | \$ 4,538 | \$ (6,934,680) |
| Public safety | 27,231,491 | 1,915,909 | 1,062,740 | (24,252,842) |
| Public works | 4,197,016 | 92,954 | - | (4,104,062) |
| Health and welfare | 40,219,356 | - | 27,411,578 | (12,807,778) |
| Interest on long-term debt | 478,181 | - | - | (478,181) |
| Total governmental activities | <u>\$ 81,392,371</u> | <u>\$ 4,335,972</u> | <u>\$ 28,478,856</u> | <u>(48,577,543)</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| | | | | 24,002,532 |
| | | | | 2,260,438 |
| | | | | 9,952,937 |
| | | | | 1,199,108 |
| | | | | 1,959,919 |
| | | | | 1,201,648 |
| | | | | <u>126,110</u> |
| | | | | <u>40,702,692</u> |
| | | | | Change in net position (7,874,851) |
| | | | | Net position, beginning 42,565,158 |
| | | | | <u>Prior period adjustment 678,339</u> |
| | | | | <u>Net position, ending \$ 35,368,646</u> |

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

BOWIE COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

| | General | Local Provider Participation Fund | American Rescue Plan |
|--|-----------------------------|---|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and investments | 27,578,036 | \$ 5,058,380 | \$ 9,332,052 |
| Receivables, net | | | |
| Ad valorem taxes | 1,405,055 | - | - |
| Sales taxes | 1,669,729 | - | - |
| Accounts | 223,505 | - | - |
| Leases | 1,285,697 | - | - |
| Fines | 569,331 | - | - |
| Due from other funds | - | - | - |
| Due from other governments | 52,163 | - | - |
| Prepaid items | 27,340 | - | - |
| Total assets | <u>32,810,856</u> | <u>5,058,380</u> | <u>9,332,052</u> |
| LIABILITIES | | | |
| Accounts payable | 1,707,083 | - | 154,902 |
| Accrued liabilities | 431,710 | - | - |
| Unearned revenue | 351,309 | - | 8,759,548 |
| Due to other funds | 31,482 | - | - |
| Short-term note payable | 410,845 | - | - |
| Due to other governments | 367,252 | - | - |
| Total liabilities | <u>3,299,681</u> | <u>-</u> | <u>8,914,450</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 2,065,943 | - | - |
| Deferred inflows related to leases | 1,285,873 | - | - |
| Total deferred inflows of resources | <u>3,351,816</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid items | 27,340 | - | - |
| Restricted: | | | |
| Road improvements | 1,000 | - | - |
| District Attorney | 245,634 | - | - |
| Public safety | 553,055 | - | - |
| Records management and preservation | 600,762 | - | - |
| Court security | 205,015 | - | - |
| Justice court technology | 54,240 | - | - |
| Voting and election services | 2 | - | - |
| Health and welfare | 25,861 | 5,058,380 | 417,602 |
| Inmate benefit | - | - | - |
| Law library | - | - | - |
| Drug Court | - | - | - |
| Debt service | - | - | - |
| Unassigned | 24,446,450 | - | - |
| Total fund balances | <u>26,159,359</u> | <u>5,058,380</u> | <u>417,602</u> |
| Total liabilities, deferred inflows and fund balances | <u>32,810,856</u> | <u>\$ 5,058,380</u> | <u>\$ 9,332,052</u> |

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

| Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------|-----------------------------------|--------------------------------|
| \$ - | \$ 756,569 | \$ 42,725,037 |
| 217,738 | - | 1,622,793 |
| - | - | 1,669,729 |
| - | - | 223,505 |
| - | - | 1,285,697 |
| - | - | 569,331 |
| - | 31,482 | 31,482 |
| 10,015,287 | - | 10,067,450 |
| - | - | 27,340 |
| <u>10,233,025</u> | <u>788,051</u> | <u>58,222,364</u> |
| - | 3,937 | 1,865,922 |
| - | - | 431,710 |
| - | - | 9,110,857 |
| - | - | 31,482 |
| - | - | 410,845 |
| - | - | 367,252 |
| <u>-</u> | <u>3,937</u> | <u>12,218,068</u> |
| 10,213,959 | - | 12,279,902 |
| <u>-</u> | <u>-</u> | <u>1,285,873</u> |
| <u>10,213,959</u> | <u>-</u> | <u>13,565,775</u> |
| - | - | 27,340 |
| - | 430,733 | 431,733 |
| - | - | 245,634 |
| - | - | 553,055 |
| - | - | 600,762 |
| - | - | 205,015 |
| - | - | 54,240 |
| - | - | 2 |
| - | - | 5,501,843 |
| - | 265,253 | 265,253 |
| - | 22,096 | 22,096 |
| - | 66,032 | 66,032 |
| 19,066 | - | 19,066 |
| - | - | 24,446,450 |
| <u>19,066</u> | <u>784,114</u> | <u>32,438,521</u> |
| \$ <u>10,233,025</u> | \$ <u>788,051</u> | \$ <u>58,222,364</u> |

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BOWIE COUNTY, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

| | | |
|---|----|-------------------|
| Total fund balances - governmental funds balance sheet | \$ | 32,438,521 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 16,545,639 |
| The net pension liability is not financial resources and, therefore, is not reported in the funds. | | (5,456,972) |
| Deferred gains on refundings of debt are not recognized and, therefore, are not reported in the funds. | | (220,829) |
| Interest payable on long-term debt does not require current financial resources, and, therefore, is not reported as a liability in the funds. | | (104,258) |
| The investment in joint venture is not an available resource and, therefore, is not reported in the funds. | | 766,767 |
| Deferred outflows and inflows of resources related to pensions and OPEB are not reported in the funds. | | 2,272,776 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable resources in the funds. | | 12,279,902 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | (17,573,162) |
| Compensated absences and other post-employment benefits are not due and payable in the current period and therefore are not reported in the funds. | | |
| Total OPEB liability | | (5,199,938) |
| Compensated absences | | <u>(379,800)</u> |
| Net position of governmental activities | \$ | <u>35,368,646</u> |

BOWIE COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | <u>General</u> | <u>Local Provider Participation Fund</u> | <u>American Rescue Plan</u> |
|--|----------------------|--|---------------------------------|
| REVENUES | | | |
| Taxes | \$ 35,176,532 | \$ - | \$ - |
| Charges for services | 4,061,793 | - | - |
| Intergovernmental | 3,523,149 | - | 2,558,066 |
| Investment earnings | 1,511,843 | - | 355,292 |
| Contributions | - | 24,679,215 | - |
| Miscellaneous | 1,201,648 | - | - |
| Total revenues | <u>45,474,965</u> | <u>24,679,215</u> | <u>2,913,358</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 8,874,637 | - | - |
| Public safety | 24,485,075 | - | 2,533,106 |
| Public works | 3,863,471 | - | - |
| Health and welfare | 3,214,220 | 36,877,680 | - |
| Debt service: | | | |
| Principal | 480,246 | - | 23,281 |
| Interest and other charges | 21,954 | - | 1,679 |
| Total expenditures | <u>40,939,603</u> | <u>36,877,680</u> | <u>2,558,066</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>4,535,362</u> | <u>(12,198,465)</u> | <u>355,292</u> |
| OTHER FINANCING SOURCES | | | |
| Transfers in | 31,535 | - | - |
| Transfers out | - | - | - |
| Issuance of SBITAs | 84,891 | - | - |
| Insurance recoveries | 56,607 | - | - |
| Sale of capital assets | 1,332,419 | - | - |
| Total other financing sources | <u>1,505,452</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 6,040,814 | (12,198,465) | 355,292 |
| FUND BALANCES, BEGINNING | <u>20,118,545</u> | <u>17,256,845</u> | <u>62,310</u> |
| FUND BALANCES, ENDING | <u>\$ 26,159,359</u> | <u>\$ 5,058,380</u> | <u>\$ 417,602</u> |

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

| Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------|-----------------------------------|--------------------------------|
| \$ 2,260,438 | \$ 44,573 | \$ 37,481,543 |
| - | 203,178 | 4,264,971 |
| - | 10,564 | 6,091,779 |
| - | 4,626 | 1,871,761 |
| - | - | 24,679,215 |
| - | - | 1,201,648 |
| <u>2,260,438</u> | <u>262,941</u> | <u>75,590,917</u> |
| - | - | 8,874,637 |
| - | 146,355 | 27,164,536 |
| - | 128 | 3,863,599 |
| - | - | 40,091,900 |
| 1,525,000 | 39,928 | 2,068,455 |
| 736,138 | 3,138 | 762,909 |
| <u>2,261,138</u> | <u>189,549</u> | <u>82,826,036</u> |
| <u>(700)</u> | <u>73,392</u> | <u>(7,235,119)</u> |
| - | - | 31,535 |
| - | (31,535) | (31,535) |
| - | - | 84,891 |
| - | - | 56,607 |
| - | - | 1,332,419 |
| <u>-</u> | <u>(31,535)</u> | <u>1,473,917</u> |
| (700) | 41,857 | (5,761,202) |
| <u>19,766</u> | <u>742,257</u> | <u>38,199,723</u> |
| \$ <u>19,066</u> | \$ <u>784,114</u> | \$ <u>32,438,521</u> |

BOWIE 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: | \$ (5,761,202) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | |
| Capital outlay | 2,336,981 |
| Depreciation | (2,345,107) |
| Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. | (2,077,748) |
| The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items: | |
| Issuance of subscriptions | (84,891) |
| Payment of principal on long-term debt | 2,068,455 |
| Amortization of premium on bonds | 272,296 |
| Payment of delinquent TIRZ obligation | (209,917) |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position. | (1,262,916) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Interest | 12,432 |
| Pension cost | (737,361) |
| Other postemployment benefits cost | (193,261) |
| Compensated absences | 19,230 |
| The effect of the change in the County's equity interest in the Bi-State Justice Center does not require the use of current financial resources and, therefore, is not reported as (expenditures)/revenue in governmental funds. | <u>88,158</u> |
| Change in net position of governmental activities | <u>\$ (7,874,851)</u> |

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

BOWIE COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2023

| | <u>Custodial Funds</u> |
|-------------------------------|----------------------------|
| ASSETS | |
| Cash | \$ <u>9,233,974</u> |
| Total assets | <u>9,233,974</u> |
| LIABILITIES | |
| Accounts payable | 306,663 |
| Due to other governments | <u>347,860</u> |
| Total liabilities | <u>654,523</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals and organizations | <u>8,579,451</u> |
| Total net position | <u>\$ 8,579,451</u> |

BOWIE COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Custodial Funds |
|--|---------------------|
| ADDITIONS | |
| Intergovernmental | \$ 459,543 |
| Receipts from inmates | 1,058,992 |
| Fees collected for other governments | 27,415,175 |
| Taxes collected for other governments | 20,008 |
| Registry deposits | 4,630,853 |
| Interest | 38,694 |
| Total additions | <u>33,623,265</u> |
| DEDUCTIONS | |
| Taxes remitted to other governments | 17,100 |
| Fees remitted to other governments | 29,073,840 |
| Remittance of registry funds | 3,331,083 |
| Disbursements to inmates | 1,573,589 |
| Other | 300,933 |
| Total deductions | <u>34,296,545</u> |
| Net increase (decrease) in fiduciary net position | (673,280) |
| Net position - beginning | <u>9,252,731</u> |
| Net position - ending | <u>\$ 8,579,451</u> |

BOWIE COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Bowie County, Texas (the "County") was formed in 1841 and operates using a commission form of government under the laws and statutes of the Constitution of the State of Texas. The County provides various services to advance the welfare, health, comfort, safety and convenience of the County and its inhabitants.

The accounting and reporting policies of the County conform to generally accepted accounting principles (GAAP) applicable to state and local governments. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present Bowie County, Texas (the primary government) and its component units. There are no component units which meet the criteria for inclusion in the County's reporting entity.

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Commissioners' Court or specific committees of the Commissioners' Court appoint members of the following organizations: Bowie County Child Protective Services, Community Healthcore, TexAmericas Center and Ark-Tex Council of Governments.

Joint Venture

Bi-State Justice Center – the County is a participant in a joint venture in the Bi-State Justice Center with the City of Texarkana, Arkansas and the City of Texarkana, Texas. The Bi-State Justice Center is jointly occupied by law enforcement and criminal justice agencies of Bowie County, Texas; the City of Texarkana, Texas; and the City of Texarkana, Arkansas. The facility is located on the state line, half in Texarkana, Texas and half in Texarkana, Arkansas. The Intergovernmental Advisory Committee is responsible for the operations of the Center. This seven-member committee is comprised of the Bowie County Judge, one Bowie County Commissioner, two members from the City of Texarkana, Texas City Council, two members from the Texarkana, Arkansas Board of Directors, and one independent member. The Center accounts only for the operations of its own law enforcement and criminal justice agencies. The annual budget is underwritten by the participating entities based on a formula which uses floor space occupied, number of 911 calls received by the Building Information Center and the number of prisoners in the detention facility for each entity.

Bowie County, Texas' net investment, which consists of net position in the Bi-State Justice Center, is reported in the County's government-wide financial statements. The County's equity interest as of September 30, 2023, was \$766,767 based on the Bi-state Justice Center's audited financial statements as of December 31, 2022 (the latest available). Complete financial statements for the Bi-State Justice Center can be obtained from the City of Texarkana, Arkansas Finance Department.

B. 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 nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

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

C. 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*. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenue to be available if 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 and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General Fund – This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenue and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the County for which a separate fund has not been established.

The **Local Provider Participation Fund** is used to account for the revenues from mandatory payments that may be required by the County from an institutional healthcare provider to fund certain intergovernmental transfers and indigent care programs.

The **American Rescue Plan Fund** was established to track all revenue and expenditures relating to funding in response to the COVID-19 global pandemic.

The **Debt Service Fund** is used to account for the accumulation of resources for and the payment of debt principal and interest.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure.

Custodial Funds account for resources held for others in a custodial capacity.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, money market mutual funds, direct obligations of the State of Texas, and local government investment pools.

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.” There were no “advances to/from other funds” as of September 30, 2023.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 48% of the current year tax levy. Trade collectability is defined by the following schedule:

| | |
|---------------------|-------------------------------|
| 0 – 30 days..... | 85% Probability of Collection |
| 31 – 60 days..... | 65% Probability of Collection |
| 61 – 90 days..... | 45% Probability of Collection |
| 91 – 120 days..... | 25% Probability of Collection |
| 121 – 180 days..... | 10% Probability of Collection |
| 181 + days..... | 1% Probability of Collection |

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental 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 acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------------------------------|--------------|
| Buildings | 20-50 |
| Improvements | 5-50 |
| Equipment | 5-20 |
| Infrastructure (streets and drainage) | 35-50 |
| Right to use subscriptions | 2-3 |

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions – These effects on the total pension and OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active and inactive employees).
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a four-year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category.

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active and inactive employees).
- Changes in actuarial assumptions – These effects on the total OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plans (active and inactive employees).

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide financial statements.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the current year.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

Leases

The County has entered into into a lease agreement as lessor. Key estimates and judgements 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, if available. 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 purchase option price that the County is reasonably certain to exercise.

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

Lessor. The District is a lessor in an arrangement allowing the placement of a cellular tower on District property. In both the government-wide financial statements and the governmental fund financial statements, the District initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

Subscription-Based Information Technology Arrangements

The County is a lessee for subscription-based IT arrangements (SBITAs). The County recognizes a liability and an intangible right-to-use asset in the government-wide financial statements.

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

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon 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.
- The agreement term includes the noncancellable period of the SBITA.
- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long- term debt on the statement of net position.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes any negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes 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.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Pensions

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

Other Post-Employment Benefits

For purposes of measuring the total OPEB liability under the TCDRS Group Term Life Fund (GTLF), related deferred outflows and inflows of resources, and total OPEB expense, information about the plan is obtained from TCDRS through a report prepared for the County by TCDRS consulting actuary, Milliman. Similarly, information concerning the total OPEB liability, related deferred outflows and inflows of resources, and total OPEB expense, under the Retiree Health Care Plan (RHCP), is provided through a report prepared for the County by the County's actuary, CapRisk Consulting Group.

Change in Accounting Principle

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was adopted effective July 1, 2022. The statement addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Statement No. 96 establishes standards for recognizing and measuring assets, liabilities, and revenues and expenses related to SBITA's in the basic financial statements, in addition to requiring more extensive note disclosures. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The adoption of this standard resulted in a \$314,162 restatement of beginning net position. Additionally, assets and liabilities were recognized, and more extensive note disclosures were added.

2. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2023, the County had the following investments:

| <u>Investment Type</u> | <u>Net Asset Value</u> | <u>Weighted Average Maturity (Days)</u> |
|----------------------------|------------------------|---|
| TexPool | \$ 11,304 | 28 |
| TexSTAR | <u>3,659,393</u> | 30 |
| Total portfolio | <u>\$ 3,670,697</u> | |
| Portfolio weighted average | | 30 |

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolios to a maximum of 90 days.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2023, the County's deposit balance was fully collateralized with securities held by the pledging financial institution or was covered by FDIC insurance.

Credit Risk. It is the County's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. Both of the County's investment pools were rated AAAM by Standard & Poor's Investors Service.

TexPool and TexStar each have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Receivables

Receivables as of year-end for the County’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|------------------------------------|-------------------------|-------------------------|---|
| Receivables: | | | |
| Ad valorem taxes | \$ 2,427,421 | \$ 376,172 | \$ 2,803,593 |
| Sales tax | 1,669,729 | - | 1,669,729 |
| Adjudicated fines | 11,386,613 | - | 11,386,613 |
| Accounts | 1,509,202 | - | 1,509,202 |
| Intergovernmental | <u>52,163</u> | <u>10,015,287</u> | <u>10,067,450</u> |
| Gross receivables | 17,045,128 | 10,391,459 | 27,436,587 |
| Less: allowance for uncollectibles | <u>11,839,648</u> | <u>158,434</u> | <u>11,998,082</u> |
| Net total receivables | <u>\$ 5,205,480</u> | <u>\$ 10,233,025</u> | <u>\$ 15,438,505</u> |

Lease Receivable

On September 1, 2023, the County entered into a 72-month lease as lessor for the use of building space. The lessee is required to make monthly fixed payments of \$18,292, and the County recognized lease revenue of \$18,111 during the fiscal year. Both the lessee and lessor have 1 extension option, each for 24 months.

A summary of the governmental activities lease receivable as of September 30, 2023, is as follows:

| <u>Purpose of Lease</u> | <u>Interest Rates</u> | <u>Initial Year of Lease</u> | <u>Amount of Initial Lease Receivable</u> | <u>Interest Current Year</u> | <u>Amounts Receivable 9/30/2023</u> | <u>Amounts Receivable Within One Year</u> |
|-------------------------|---------------------------|--------------------------------------|---|--------------------------------------|---|---|
| Right to use: | | | | | | |
| Building facilities | 0.328% | 2023 | \$ <u>1,303,984</u> | \$ <u>5</u> | \$ <u>1,285,697</u> | \$ <u>219,055</u> |
| Total | | | <u>\$ 1,303,984</u> | <u>\$ 5</u> | <u>\$ 1,285,697</u> | <u>\$ 219,055</u> |

Interfund Receivables and Payables

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|------------------|
| Nonmajor governmental | General | \$ <u>31,482</u> |
| Total | | <u>\$ 31,482</u> |

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, 2) transactions are recorded in the accounting system, and 3) payment between funds are made.

Interfund Transfers:

The composition of interfund transfers for the year ended September 30, 2023, is as follows:

| <u>Transfers out</u> | <u>Transfers in</u> | <u>Amount</u> |
|-----------------------|---------------------|------------------|
| Nonmajor governmental | General Fund | \$ <u>31,535</u> |
| Total | | <u>\$ 31,535</u> |

Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|-----------------------|----------------------|
| Government activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 991,100 | \$ 193,440 | \$ (193,440) | \$ 991,100 |
| Total capital assets not being depreciated | <u>991,100</u> | <u>193,440</u> | <u>(193,440)</u> | <u>991,100</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 20,537,858 | 94,968 | (16,000) | 20,616,826 |
| Machinery and equipment | 13,334,563 | 1,963,682 | (1,730,937) | 13,567,308 |
| Infrastructure | 36,191,230 | - | - | 36,191,230 |
| Right to use subscriptions | 1,404,429 | 84,891 | - | 1,489,320 |
| Total capital assets being depreciated | <u>71,468,080</u> | <u>2,143,541</u> | <u>(1,746,937)</u> | <u>71,864,684</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 11,919,990 | 483,901 | (8,181) | 12,395,710 |
| Machinery and equipment | 6,567,359 | 1,119,331 | (669,280) | 7,017,410 |
| Infrastructure | 36,155,150 | 42,286 | - | 36,197,436 |
| Right to use subscriptions | - | 699,589 | - | 699,589 |
| Total accumulated depreciation | <u>54,642,499</u> | <u>2,345,107</u> | <u>(677,461)</u> | <u>56,310,145</u> |
| Total capital assets, being depreciated, net | <u>16,825,581</u> | <u>(201,566)</u> | <u>(1,069,476)</u> | <u>15,554,539</u> |
| Governmental activities capital assets, net | <u>\$ 17,816,681</u> | <u>\$ (8,126)</u> | <u>\$ (1,262,916)</u> | <u>\$ 16,545,639</u> |

Depreciation expense was charged to functions/programs of the County as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 1,248,283 |
| Public safety | 486,106 |
| Public works | 594,936 |
| Welfare | 15,782 |
| Total depreciation expense - governmental activities | <u>\$ 2,345,107</u> |

Short-term Debt

A summary of the changes in short-term debt is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|----------------------|-------------------|-------------|-------------------|
| Governmental Activities: | | | | |
| Short-term note | \$ - | \$ 410,845 | \$ - | \$ 410,845 |
| Governmental activities long-term liabilities | <u>\$ -</u> | <u>\$ 410,845</u> | <u>\$ -</u> | <u>\$ 410,845</u> |

Long-term Debt

A summary of the outstanding bonds as of September 30, 2023, is as follows:

| Debt Security | Interest Rates | Amount |
|--|----------------|----------------------|
| Unlimited Tax Refunding Bonds, Series 2018 | 5% | \$ 10,840,000 |
| Unlimited Tax Refunding Bonds, Series 2021 | 3% | <u>3,655,000</u> |
| Total | | <u>\$ 14,495,000</u> |

On September 15, 2012, the County issued Pass-through Toll Revenue and Unlimited Tax Bonds, Series 2012 in the amount of \$34,910,000. These bond proceeds were used for the purpose of constructing, improving, extending, expanding, and upgrading U.S. Highway 82 between FM 1840 and State Highway 98. The bonds are payable from and secured by the payments to be received by the County from the Texas Department of Transportation, which shall be available to pay principal and interest on the bonds as long as the bonds are outstanding (see Pass-through Toll Agreement note disclosure). The County shall deposit such Pass-through Toll Revenues to the credit of the Interest and Sinking Fund to the extent necessary to pay the principal and interest on the bonds. If the County elects to levy a tax for the payment of the bonds, it will not be necessary to deposit the revenues in the Interest and Sinking Fund.

On January 10, 2018, the County issued \$19,295,000 of Unlimited Tax Refunding Bonds, Series 2018 to partially refund the Pass-through Toll Revenue and Unlimited Tax Bonds, Series 2012. The Unlimited Tax Refunding Bonds, Series 2018 bear an interest rate of 5 percent with a final maturity date of August 1, 2030.

On May 18, 2021, the County issued \$3,695,000 of Unlimited Tax Refunding Bonds, Series 2021 to partially refund the Pass-through Toll Revenue and Unlimited Tax Bonds, Series 2012. The Unlimited Tax Refunding Bonds, Series 2021 bear an interest rate of 3 percent with a final maturity date of August 1, 2037.

Should the County default on its outstanding bonds, any registered owner of the bonds is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the County.

Annual debt service requirements to maturity for the revenue and unlimited tax bonds are as follows:

| Year Ending September 30, | Governmental Activities | |
|------------------------------|-------------------------|--------------|
| | Principal | Interest |
| 2024 | \$ 1,600,000 | \$ 639,450 |
| 2025 | 1,685,000 | 559,450 |
| 2026 | 1,770,000 | 475,200 |
| 2027 | 1,860,000 | 386,700 |
| 2028 | 1,920,000 | 293,700 |
| 2029-2033 | 4,235,000 | 535,550 |
| 2034-2037 | 1,425,000 | 106,350 |
| Totals | \$ 14,495,000 | \$ 2,996,400 |

SBITAs Payable

A summary of subscription-based IT arrangements payable as of September 30, 2023, are as follows:

| <u>Governmental Activities</u> | <u>Interest Rates</u> | <u>Initial Year of Subscription</u> | <u>Interest Current Year</u> | <u>Amounts Outstanding</u> |
|--------------------------------|-----------------------|-------------------------------------|------------------------------|----------------------------|
| Right to use: | | | | |
| Debtbook Platform | 2.503% | 2022 | \$ - | \$ 28,886 |
| Microsoft 365 | 3.347% | 2022 | 21,954 | 481,429 |
| UKG Ready Platform | 3.378% | 2022 | 1,679 | 38,429 |
| West Proflex Software | 3.378% | 2022 | 967 | 32,385 |
| West Proflex Subscription | 3.378% | 2022 | 2,171 | 50,574 |
| Total | | | \$ 26,771 | \$ 631,703 |

The future principal and interest SBITA payments as of September 30, 2023, are as follows:

| Year Ending September 30, | Governmental Activities | |
|------------------------------|-------------------------|-----------|
| | Principal | Interest |
| 2024 | \$ 563,058 | \$ 12,547 |
| 2025 | 66,037 | 1,187 |
| 2026 | 2,608 | 11 |
| Totals | \$ 631,703 | \$ 13,745 |

Compensated Absences

County employees earn annual leave up to a maximum of 15 days per year based on months of service. Full-time regular employees earn 10 days of sick leave per year. Employees who have been employed for six or more months are eligible to be paid for all unused annual leave at their regular rate of pay upon termination of employment. Unused sick leave is not paid upon termination of employment.

Tax Increment Reinvestment Zone Obligation

On February 8th, 2016, the County and the City of Texarkana entered a long-term arrangement to meet the balance outstanding on its Tax Increment Reinvestment Zone ("TIRZ") agreement in accordance with the provisions of Chapter 311-Tax Increment Financing Act of the Texas Tax Code. Since 2011, the County had deferred TIRZ and other outstanding payments to the City of Texarkana. The County is paying the balance with fixed annual payments, with each payment due no later than January 31st each year.

Changes in Long-term Liabilities

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| TIRZ payable | \$ 719,254 | \$ 692,635 | \$ (846,895) | \$ 564,994 | \$ - |
| Revenue and unlimited tax bonds | 16,020,000 | - | (1,525,000) | 14,495,000 | 1,600,000 |
| Premium on bonds | 2,122,214 | - | (240,749) | 1,881,465 | - |
| SBITAs payable | 1,090,267 | 84,891 | (543,455) | 631,703 | 563,058 |
| Compensated absences | <u>399,030</u> | <u>317,239</u> | <u>(336,469)</u> | <u>379,800</u> | <u>75,960</u> |
| Governmental activities long-term liabilities | <u>\$ 20,350,765</u> | <u>\$ 1,094,765</u> | <u>\$ (3,492,568)</u> | <u>\$ 17,952,962</u> | <u>\$ 2,239,018</u> |

Compensated absences are generally liquidated by the General Fund.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County participates in a risk management program through Texas Association of Counties for workers' compensation coverage.

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

Commitments and Contingencies

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal 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 as of September 30, 2023, 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 financial statements for such contingencies.

Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and death benefits for all eligible employees. Benefit provisions are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 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 eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

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 | 243 |
| Inactive employees entitled to but not yet receiving benefits | 495 |
| Active employees | <u>426</u> |
| Total | <u><u>1,164</u></u> |

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 13.18% and 10.42% in calendar years 2022 and 2023, respectively. The County's contributions to TCDRS for the year ended September 30, 2023, were \$2,065,555 and were equal to the required contributions.

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

Actuarial Assumptions. The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|---|
| Inflation | 2.50% per year |
| Overall payroll growth | 3.00% per year |
| Investment rate of return | 7.5%, net of pension plan investment expense, including inflation |

The County has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the County may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

| | |
|--|--|
| Depositing members | 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. |
| Service retirees, beneficiaries and non-depositing members | 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. |
| Disabled retirees | 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. |

The actuarial assumptions that determined the total pension liability as of December 31, 2022, were based on the results of an actuarial experience study for the period January 1, 2017, through December 31, 2020, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The long-term expected rate of return on pension plan investments is 7.5%. The pension plan's policy regarding the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information 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 most recent analysis was performed in March 2022.

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

| Asset Class | Benchmark | Target Allocation ⁽¹⁾ | Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾ |
|------------------------------------|---|----------------------------------|---|
| 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 | MSCI World Ex USA (net) | 5.00% | 4.95% |
| International Equities - Emerging | MSCI EM Standard (net) Index | 6.00% | 4.95% |
| Investment-Grade Bonds | Bloomberg Barclays U.S. Aggregate Bond Index | 3.00% | 2.40% |
| Strategic Credit | FTSE High-Yield Cash-Pay Capped Index | 9.00% | 3.39% |
| Direct Lending | S&P/LSTA Leveraged Loan Index | 16.00% | 6.95% |
| Distressed Debt | Cambridge Associates Distressed Securities Index ⁽³⁾ | 4.00% | 7.60% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index + 33% S&P Global 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 Equivalent | 90-Day U.S. Treasury | 2.00% | 0.20% |

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

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

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

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------|---------------------------------|---------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at 12/31/2021 | \$ 87,076,387 | \$ 91,949,790 | \$ (4,873,403) |
| Changes for the year: | | | |
| Service cost | 2,620,845 | - | 2,620,845 |
| Interest on total pension liability ⁽¹⁾ | 6,619,612 | - | 6,619,612 |
| Effect of economic/demographic gains or losses | (637,972) | - | (637,972) |
| Effect of assumptions changes or inputs | - | - | - |
| Refund of contributions | - | - | - |
| Benefit payments | (5,291,038) | (5,291,038) | - |
| Administrative expenses | - | (49,771) | 49,771 |
| Member contributions | - | 1,291,206 | (1,291,206) |
| Net investment income | - | (5,256,462) | 5,256,462 |
| Employer contributions | - | 2,431,152 | (2,431,152) |
| Other ⁽²⁾ | - | (144,015) | 144,015 |
| Balances at 12/31/2022 | \$ 90,387,834 | \$ 84,930,862 | \$ 5,456,972 |

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

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

In prior years, the net pension liability for governmental activities has been primarily liquidated by the General Fund.

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-higher (8.6%) than the current rate:

| | 1% Decrease 6.6% | Current Discount Rate 7.6% | 1% Increase 8.6% |
|-------------------------------|----------------------|----------------------------------|-----------------------|
| Total pension liability | \$ 101,120,613 | \$ 90,387,834 | \$ 81,323,902 |
| Fiduciary net position | <u>84,930,862</u> | <u>84,930,862</u> | <u>84,930,862</u> |
| Net pension liability/(asset) | \$ <u>16,189,751</u> | \$ <u>5,456,972</u> | \$ <u>(3,606,960)</u> |

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the County recognized pension expense of \$2,802,912.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 529,351 | \$ 425,315 |
| Changes in actuarial assumptions | - | 162,506 |
| Difference between projected and actual investment earnings | 1,449,978 | - |
| Contributions subsequent to the measurement date | <u>1,468,178</u> | <u>-</u> |
| Total | <u>\$ 3,447,507</u> | <u>\$ 587,821</u> |

\$1,468,178 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

| Year Ended September 30 | |
|----------------------------|----------------|
| 2024 | \$ (1,001,881) |
| 2025 | (295,835) |
| 2026 | 253,445 |
| 2027 | 2,435,779 |

Other Postemployment Benefits

Plan Description

Group Term Life Fund. The County voluntarily participates in the Texas County & District Group Term Life Fund (TCDRS GTLF). The GTLF is a single-employer defined Other Post-Employment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. It is established and administered in accordance with the TCRS Act. The GTLF covers both active and retiree benefits with no segregation of assets, and therefore does not meet the definition of a trust under paragraph 4 of GASB Statement No. 75.

Retiree Health Care Plan. The County provides certain health care benefits through a single-employer defined benefit OPEB plan, under county policy, known as the Retiree Health Care Plan (RHCP). This plan is administered by the County. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to Commissioners Court. No separate audited financial statements are available. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Group Term Life Fund. The GTLF provides group-term life insurance to County employees who are active members in TCDRS, including retirees. The County opted into this program by Commissioners Court, and may terminate coverage under, and discontinue participation in, the GTLF by opting out by Commissioners Court.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's most recent regular annualized salary. The death benefit for retirees is considered an other post-employment benefit (OPEB) and is a fixed amount of \$5,000.

Retiree Health Care Plan. The County provides health insurance to retirees. Retirees are eligible for medical and prescription insurance at no cost to the retiree until they reach Medicare eligibility. An employee's spouse and dependents may also participate in the plan at the cost of the retiree. Upon reaching Medicare eligibility, the retiree will no longer receive medical insurance at no cost. At this time, the retiree will be responsible for full cost of the coverage.

Eligible individuals include retired employees who have satisfied the requirements as defined by the Texas County & District Retirement System and their spouse and dependents that were covered prior to retirement. Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more.

Employees covered by benefit terms

As of the measurement date for each OPEB plan, the following employees were covered by the benefit terms:

| | <u>GTLF</u> | <u>RHCP</u> |
|---|-------------|-------------|
| Inactive employees receiving benefits | 190 | 18 |
| Inactive employees entitled to but not yet receiving benefits | 47 | 1 |
| Active employees | <u>426</u> | <u>181</u> |
| Total | <u>663</u> | <u>200</u> |

Contributions

Group Term Life Fund. The County contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% for 2022 and 0.15% for 2023, of which 0.20% and 0.11%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The County's contributions to the GTLF for the year ended September 30, 2023, were \$56,577, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Retiree Health Care Plan. Local Government Code Section 157.102 assigns to Commissioners Court the authority to establish and amend contribution requirements of plan members and participating employers. The County reviews the plan annually with the approved contribution rates becoming effective January 1st of each calendar year. For the year ended September 30, 2023, the County's contributions to the RHCP were \$234,541.

Total OPEB Liability

The Total OPEB Liability (TOL) of \$5,199,938, comprised of \$819,562 and \$4,380,376 for GTLF and RHCP, was measured as of December 31, 2022, and September 30, 2023, respectively, and was determined by an actuarial valuation as of the respective dates.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | <u>GTLF</u> | <u>RHCP</u> |
|--------------------------|-----------------------------------|----------------------|
| Actuarial Valuation Date | December 31, 2022 | September 30, 2022 |
| Actuarial Cost Method | Entry Age Level Percent of Salary | Individual Entry-Age |
| Discount Rate | 3.72% | 4.77% |
| Inflation | None | 2.5% |
| Salary Increase | None | 3.5% |
| Health Care Trend Rates | None | 4.5% |

The discount rate was based on the Bond Buyer 20-Bond GO Index.

Mortality rates for depositing members were based on the Pub-2010 General Employee Amount-Weighted Mortality Table for males and females as appropriate, with adjustments. Mortality rates for service retirees, beneficiaries, and non-depositing members were based on the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and females as appropriate, with adjustments. Mortality rates for disabled retirees were based on the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and females as appropriate, with adjustments.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

Changes in the Total OPEB Liability

| | <u>GTLF</u> | <u>RHCP</u> | <u>Total</u> |
|--|-------------------|---------------------|---------------------|
| Total OPEB liability | | | |
| Service Cost | \$ 47,806 | \$ 293,448 | \$ 341,254 |
| Interest on total OPEB liability | 22,034 | 204,770 | 226,804 |
| Differences between expected and actual experience | 11,479 | - | 11,479 |
| Changes in assumptions or other inputs | (265,016) | - | (265,016) |
| Benefit Payments | <u>(36,892)</u> | <u>(234,541)</u> | <u>(271,433)</u> |
| Net Changes | (220,589) | 263,677 | 43,088 |
| | | | |
| Total OPEB liability - Beginning | <u>1,040,151</u> | <u>4,116,699</u> | <u>5,156,850</u> |
| Total OPEB liability - Ending | <u>\$ 819,562</u> | <u>\$ 4,380,376</u> | <u>\$ 5,199,938</u> |

Note: There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

In prior years, the liability for OPEB in governmental activities has been primarily liquidated by the General Fund.

Changes of assumptions and other inputs for the Group Term Life Fund reflect a change in the discount rate from 2.06% as of December 31, 2021, to 3.72% as of December 31, 2022.

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

| | <u>1% Decrease in Discount Rate (2.72%)</u> | <u>Current Discount Rate (3.72%)</u> | <u>1% Increase in Discount Rate (4.72%)</u> |
|----------------------|---|--|---|
| Total OPEB Liability | \$ 965,874 | \$ 819,562 | \$ 704,412 |

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

| | <u>1% Decrease in Discount Rate</u> | <u>Current Discount Rate</u> | <u>1% Increase in Discount Rate</u> |
|----------------------|---|----------------------------------|---|
| Total OPEB Liability | \$ 4,074,253 | \$ 4,380,376 | \$ 4,711,960 |

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

| | <u>1% Decrease</u> | <u>Health Care Cost Trend Rates</u> | <u>1% Increase</u> |
|----------------------|--------------------|---|--------------------|
| Total OPEB Liability | \$ 3,973,443 | \$ 4,380,376 | \$ 4,853,606 |

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

Group Term Life Fund. For the year ended September 30, 2023, the County recognized OPEB expense of \$62,954. As of September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 11,569 | \$ 11,023 |
| Changes of assumptions or other inputs | 91,307 | 212,013 |
| Contributions subsequent to the measurement date | <u>15,499</u> | <u>-</u> |
| Totals | <u>\$ 118,375</u> | <u>\$ 223,036</u> |

Deferred outflows of resources related to OPEB of \$15,499, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year Ended September 30, | |
|-------------------------------------|----------|
| 2024 | \$ 7,866 |
| 2025 | (29,477) |
| 2026 | (47,842) |
| 2027 | (50,707) |

Retiree Health Care Plan. For the year ended September 30, 2023, the County recognized OPEB expense of \$374,102. As of September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 32,206 | \$ 97,845 |
| Changes of assumptions or other inputs | <u>117,475</u> | <u>534,085</u> |
| Totals | <u>\$ 149,681</u> | <u>\$ 631,930</u> |

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year Ended September 30, | |
|-------------------------------------|--------------|
| 2024 | \$ (124,113) |
| 2025 | (128,277) |
| 2026 | (136,010) |
| 2027 | (93,848) |

Pass-through Toll Agreement

In 2011, the County entered into an agreement with the Texas Department of Transportation (TXDOT) for the development and construction of a project on U.S. Highway 82. The total estimated cost of the project is \$31,921,000. TXDOT is reimbursing the County for its proportional share of the allowable costs incurred under the project, estimated to be \$26,200,000. The maximum amount to be reimbursed to the County by TXDOT is \$28,820,000.

TXDOT was not obligated to begin making payments under the agreement until the project was substantially complete and open to the public. Under the agreement, when the project was complete, TXDOT was to reimburse the County an annual amount equal to \$0.07 for each vehicle mile traveled on the project during the previous year. Each annual reimbursement will be not less than \$1,310,000 nor more than \$2,620,000. The first annual payment was to be made 60 days after the first anniversary of the project's completion and the Department's issuance of a Letter of Acceptance.

Subsequent annual payments will be made within 60 days after each succeeding anniversary. On October 17, 2017, TXDOT remitted to the County its Letter of Acceptance as described under the terms of the agreement.

Prior Period Adjustments

The County adjusted beginning net position as follows:

- \$314,162 increase to beginning net position due to the implementation of GASB 96. The County additionally reported intangible right-to-use assets of \$1,404,429 and long-term liabilities in the amount of \$1,090,267 in the government-wide statement of net position.
- \$364,177 increase to beginning net position to correct a prior year error. In the prior fiscal year, the TIRZ payable liability was overstated, causing net position and property tax revenues to be understated in the government-wide statements.

Significant Forthcoming Standards

Significant new accounting standards not yet implemented by the County include the following:

The GASB has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significant collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - This Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of Statement No. 102 are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability and address certain application issues. The requirements for Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and the impact has not yet been determined.

The County has not yet determined the impact of implementation of the new standards.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

BOWIE COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budget | | Actual | Variance Positive (Negative) |
|---|----------------------|----------------------|----------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 22,351,685 | \$ 22,351,685 | \$ 24,069,060 | \$ 1,717,375 |
| Sales | 9,537,638 | 9,537,638 | 9,952,937 | 415,299 |
| Other | 1,170,000 | 1,170,000 | 1,154,535 | (15,465) |
| Total taxes | <u>33,059,323</u> | <u>33,059,323</u> | <u>35,176,532</u> | <u>2,117,209</u> |
| Intergovernmental | 2,658,333 | 3,351,238 | 1,850,358 | (1,500,880) |
| Charges for services: | | | | |
| General government | 2,494,930 | 2,941,269 | 1,835,842 | (1,105,427) |
| Public safety | 2,673,300 | 2,792,593 | 1,624,004 | (1,168,589) |
| Public works | 32,320 | 32,320 | 92,954 | 60,634 |
| Total charges for services | <u>5,200,550</u> | <u>5,766,182</u> | <u>3,552,800</u> | <u>(2,213,382)</u> |
| Investment earnings | 217,760 | 217,760 | 1,510,570 | 1,292,810 |
| Miscellaneous | 251,700 | 176,200 | 1,201,648 | 1,025,448 |
| Total revenues | <u>\$ 41,387,666</u> | <u>\$ 42,570,703</u> | <u>\$ 43,291,908</u> | <u>\$ 721,205</u> |
| Revenues in sub-funds of the General Fund that are not budgeted | | | <u>2,183,057</u> | |
| Total revenues in the Statement of Revenues, Expenditures and | | | | |
| Changes in Fund Balance | | | <u>\$ 45,474,965</u> | |
| OTHER FINANCING SOURCES | | | | |
| Insurance recoveries | \$ - | \$ - | \$ 56,607 | \$ 56,607 |
| Sale of capital assets | 308,000 | 1,508,000 | 1,332,419 | (175,581) |
| Issuance of SBITAs | - | - | 84,891 | 84,891 |
| Transfers in | (105,000) | (26,600) | 31,535 | 58,135 |
| Total other financing sources | <u>\$ 203,000</u> | <u>\$ 1,481,400</u> | <u>\$ 1,505,452</u> | <u>\$ 24,052</u> |

The accompanying notes are an integral part of this schedule.

BOWIE COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budget | | Actual | Variance Positive (Negative) |
|---|----------------------|----------------------|----------------------|------------------------------------|
| | Original | Final | | |
| EXPENDITURES | | | | |
| General government: | | | | |
| Personnel services | \$ 3,493,142 | \$ 3,100,098 | \$ 2,804,409 | \$ 295,689 |
| Supplies and materials | 239,873 | 531,726 | 543,107 | (11,381) |
| Contractual services | 6,713,370 | 6,753,274 | 5,171,080 | 1,582,194 |
| Miscellaneous | 63,175 | 12,478 | 18,311 | (5,833) |
| Total general government | <u>10,509,560</u> | <u>10,397,576</u> | <u>8,536,907</u> | <u>1,860,669</u> |
| Public safety: | | | | |
| Personnel services | 18,358,195 | 17,810,281 | 15,842,205 | 1,968,076 |
| Supplies and materials | 1,786,456 | 2,077,787 | 1,655,150 | 422,637 |
| Contractual services | 5,545,629 | 6,356,780 | 6,186,542 | 170,238 |
| Miscellaneous | 58,906 | 35,854 | 29,935 | 5,919 |
| Total public safety | <u>25,749,186</u> | <u>26,280,702</u> | <u>23,713,832</u> | <u>2,566,870</u> |
| Public works: | | | | |
| Personnel services | 2,538,141 | 2,516,841 | 2,256,646 | 260,195 |
| Supplies and materials | 296,766 | 612,032 | 1,011,296 | (399,264) |
| Contractual services | 739,588 | 723,459 | 512,536 | 210,923 |
| Miscellaneous | 90,196 | 83,906 | 83,193 | 713 |
| Total public works | <u>3,664,691</u> | <u>3,936,238</u> | <u>3,863,671</u> | <u>72,567</u> |
| Health and welfare: | | | | |
| Indigent medical | <u>2,240,000</u> | <u>3,214,160</u> | <u>3,214,220</u> | <u>(60)</u> |
| Total health and welfare | <u>2,240,000</u> | <u>3,214,160</u> | <u>3,214,220</u> | <u>(60)</u> |
| Debt service: | | | | |
| Principal | - | - | 480,246 | (480,246) |
| Interest | - | - | 21,954 | (21,954) |
| Total debt service | <u>-</u> | <u>-</u> | <u>502,200</u> | <u>(502,200)</u> |
| Total expenditures | <u>\$ 42,163,437</u> | <u>\$ 43,828,676</u> | <u>\$ 39,830,830</u> | <u>\$ 3,997,846</u> |
| Expenditures in sub-funds of the General Fund that are not budgeted | | | <u>1,108,773</u> | |
| Total expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balance | | | <u>\$ 40,939,603</u> | |
| Net change in fund balance (budgeted subfunds only) | <u>\$ (572,771)</u> | <u>\$ 223,427</u> | <u>\$ 4,966,530</u> | <u>\$ 4,743,103</u> |

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BOWIE COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Budgetary Information

The Commissioners' Court follows the general provisions outlined below in establishing the budgetary data reflected in the accompanying budgetary schedule.

1. The County Judge, serving as the budget officer, submits to the Commissioners' Court a proposed budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them for governmental fund types.
2. Public hearings are conducted, at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the Commissioners' Court, usually by the end of September.
4. The budget, as compared to actual, is reviewed on a monthly basis, and periodically, budget amendments are made.
5. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Commissioners' Court. A budget is not adopted for the Local Provider Participation Fund.
6. Appropriations lapse at year-end. Since the County intends to honor all commitments, subsequent year's appropriations provide authority to complete any transactions not completed in any year.
7. The estimated revenues and appropriations presented in the accompanying budgetary schedule are those of the County's General Fund. This includes several sub-funds that are aggregated with and reported in the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balances. Certain other sub-funds that are aggregated with and reported in the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balances are not budgeted, and are therefore excluded from this schedule. A reconciliation is provided to reconcile the budgetary schedule with the Statement of Revenues, Expenditures and Changes in Fund Balances.

BOWIE COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Measurement Year Ended December 31 | 2022 | 2021 | 2020 | 2019 |
|---|----------------------|------------------------|----------------------|----------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 2,620,845 | \$ 1,813,537 | \$ 1,679,075 | \$ 1,620,409 |
| Interest total pension liability | 6,619,612 | 6,257,416 | 6,135,779 | 5,872,425 |
| Effect of plan changes | - | - | - | - |
| Effect of assumption changes or inputs | - | (487,518) | 4,322,787 | - |
| Effect of economic/demographic (gains) or losses | (637,972) | 1,588,052 | (761,100) | 320,476 |
| Benefit payments/refunds of contributions | (5,291,038) | (5,137,893) | (4,718,213) | (4,526,885) |
| Net change in total pension liability | 3,311,447 | 4,033,594 | 6,658,328 | 3,286,425 |
| Total pension liability - beginning | <u>87,076,386</u> | <u>83,042,792</u> | <u>76,384,464</u> | <u>73,098,039</u> |
| Total pension liability - ending (a) | \$ <u>90,387,833</u> | \$ <u>87,076,386</u> | \$ <u>83,042,792</u> | \$ <u>76,384,464</u> |
| Plan Fiduciary Net Position | | | | |
| Employer contributions | \$ 2,431,152 | \$ 2,448,312 | \$ 1,622,605 | \$ 1,529,539 |
| Member contributions | 1,291,206 | 1,357,570 | 914,524 | 895,217 |
| Investment income net of investment expenses | (5,256,462) | 16,685,848 | 7,388,997 | 10,409,867 |
| Benefit payments and refunds of contributions | (5,291,038) | (5,137,893) | (4,718,213) | (4,526,885) |
| Administrative expenses | (49,771) | (49,746) | (56,095) | (54,538) |
| Other | (144,015) | (16,658) | (57,450) | (62,001) |
| Net change in plan fiduciary net position | (7,018,928) | 15,287,433 | 5,094,368 | 8,191,199 |
| Plan fiduciary net position - beginning | <u>91,949,789</u> | <u>76,662,356</u> | <u>71,567,988</u> | <u>63,376,789</u> |
| Plan fiduciary net position - ending (b) | \$ <u>84,930,861</u> | \$ <u>91,949,789</u> | \$ <u>76,662,356</u> | \$ <u>71,567,988</u> |
| Net pension liability (asset) - ending (a) - (b) | \$ <u>5,456,972</u> | \$ <u>(4,873,403)</u> | \$ <u>6,380,436</u> | \$ <u>4,816,476</u> |
| Fiduciary net position as a percentage of total pension liability | 94% | 106% | 92% | 94% |
| Covered payroll | \$ 18,445,801 | \$ 19,393,859 | \$ 13,064,625 | \$ 12,788,814 |
| Net pension liability (asset) as a percentage of covered payroll | 30% | -25% | 49% | 38% |

Note: GASB 68 requires 10 years of data be included in this schedule. Additional years will be added as they become available.

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|----|-------------------|-------------------|--------------------|-------------------|-------------------|
| \$ | 1,535,731 | \$ 1,545,355 | \$ 1,503,676 | \$ 1,453,099 | \$ 1,601,617 |
| | 5,652,645 | 5,418,464 | 5,168,892 | 4,972,790 | 4,759,118 |
| | - | - | - | (248,135) | - |
| | - | 342,115 | - | 721,843 | - |
| (| 162,944) | (204,134) | (473,942) | (581,363) | (343,785) |
| (| 4,271,630) | (4,133,173) | (3,726,059) | (3,654,867) | (3,426,501) |
| | 2,753,802 | 2,968,627 | 2,472,567 | 2,663,367 | 2,590,449 |
| | <u>70,344,237</u> | <u>67,375,610</u> | <u>64,903,043</u> | <u>62,239,676</u> | <u>59,649,227</u> |
| \$ | <u>73,098,039</u> | <u>70,344,237</u> | <u>67,375,610</u> | <u>64,903,043</u> | <u>62,239,676</u> |
| \$ | 1,473,473 | \$ 1,376,678 | \$ 1,266,936 | \$ 1,126,614 | \$ 1,218,355 |
| | 857,384 | 813,233 | 802,218 | 728,870 | 804,120 |
| (| 1,263,978) | 8,722,954 | 4,260,479 | (103,154) | 3,850,885 |
| (| 4,271,630) | (4,133,173) | (3,726,059) | (3,654,867) | (3,426,501) |
| (| 50,905) | (44,346) | (46,384) | (42,162) | (44,882) |
| (| <u>51,123</u>) | (<u>26,461</u>) | (<u>328,962</u>) | <u>135,481</u> | <u>155,189</u> |
| (| 3,306,779) | 6,708,885 | 2,228,229 | (1,809,220) | 2,557,166 |
| | <u>66,683,568</u> | <u>59,974,683</u> | <u>57,746,454</u> | <u>59,555,674</u> | <u>56,998,508</u> |
| \$ | <u>63,376,789</u> | <u>66,683,568</u> | <u>59,974,683</u> | <u>57,746,454</u> | <u>59,555,674</u> |
| \$ | <u>9,721,250</u> | <u>3,660,669</u> | <u>7,400,927</u> | <u>7,156,589</u> | <u>2,684,002</u> |
| | 87% | 95% | 89% | 89% | 96% |
| \$ | 12,248,342 | \$ 11,617,610 | \$ 11,393,363 | \$ 10,412,424 | \$ 11,487,428 |
| | 79% | 32% | 65% | 69% | 23% |

e.

BOWIE COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Fiscal Year | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll | Actual Contribution as a % of Covered Payroll |
|--------------------|--|---|---|--|--|
| 2014 | \$ 1,217,667 | \$ 1,217,667 | \$ - | \$ 11,487,428 | 10.6% |
| 2015 | 1,126,614 | 1,126,614 | - | 10,412,424 | 10.8% |
| 2016 | 1,266,936 | 1,266,936 | - | 11,393,363 | 11.1% |
| 2017 | 1,376,678 | 1,376,678 | - | 11,617,610 | 11.8% |
| 2018 | 1,473,473 | 1,473,473 | - | 12,248,342 | 12.0% |
| 2019 | 1,529,539 | 1,529,539 | - | 12,788,814 | 12.0% |
| 2020 | 1,622,605 | 1,622,605 | - | 13,064,625 | 12.4% |
| 2021 | 2,448,312 | 2,448,312 | - | 19,393,859 | 12.6% |
| 2022 | 2,621,115 | 2,621,115 | - | 20,147,200 | 13.0% |
| 2023 | 2,065,555 | 2,065,555 | - | 18,622,451 | 11.1% |

Note: GASB 68 requires 10 years of data be included in this schedule. Additional years will be added as they become available.

BOWIE COUNTY, TEXAS

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | |
|--|---|
| 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. |
| Actuarial Cost Method | Entry age |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 17.9 years (based on contribution rate calculated in 12/31/2022 valuation) |
| Asset Valuation Method | 5-year smoothed fair value |
| 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. |
| Other information: | |
| Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions | 2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected. |
| 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. |

BOWIE COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
GROUP TERM LIFE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Measurement Year Ended December 31 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| Total OPEB liability | | | | | | |
| Service Cost | \$ 47,806 | \$ 40,069 | \$ 32,712 | \$ 21,996 | \$ 25,926 | \$ 22,277 |
| Interest on total OPEB liability | 22,034 | 21,680 | 24,561 | 27,630 | 25,697 | 26,117 |
| Changes in assumptions or other inputs | (265,016) | 24,061 | 104,783 | 174,786 | (74,523) | 31,214 |
| Differences between expected and actual experience | 11,479 | (9,734) | (12,956) | 11,926 | (22,486) | (3,335) |
| Benefit payments | (36,892) | (36,848) | (23,516) | (25,578) | (22,047) | (25,559) |
| Net change in total OPEB liability | (220,589) | 39,228 | 125,584 | 210,760 | (67,433) | 50,714 |
| Total OPEB liability - beginning | <u>1,040,151</u> | <u>1,000,923</u> | <u>875,339</u> | <u>664,579</u> | <u>732,012</u> | <u>681,298</u> |
| Total OPEB liability - ending | \$ <u>819,562</u> | \$ <u>1,040,151</u> | \$ <u>1,000,923</u> | \$ <u>875,339</u> | \$ <u>664,579</u> | \$ <u>732,012</u> |
| Covered-employee payroll | \$ 18,445,800 | \$ 19,393,859 | \$ 13,064,625 | \$ 12,788,814 | \$ 12,248,342 | \$ 11,617,610 |
| Total OPEB liability as a percentage of covered-employee payroll | 4.44% | 5.36% | 7.66% | 6.84% | 5.43% | 6.30% |

Notes to Schedule:

- No assets are accumulated in a trust for the plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- The changes in assumptions or other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | | |
|------|-------|-------|
| 2022 | 3.72% | 3.72% |
| 2021 | 2.06% | 2.06% |
| 2020 | 2.25% | 2.25% |
| 2019 | 2.74% | 2.74% |
| 2018 | 4.10% | 4.10% |
| 2017 | 3.44% | 3.44% |
| 2016 | 3.78% | 3.78% |

BOWIE COUNTY, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS**

RETIREE HEALTH CARE PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Measurement Year Ended September 30 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | | | |
| Service Cost | \$ 293,448 | \$ 242,334 | \$ 242,334 | \$ 193,191 | \$ 193,191 | \$ 185,653 |
| Interest on total OPEB liability | 204,770 | 110,198 | 107,634 | 183,833 | 171,374 | 174,683 |
| Difference between expected and actual experience | - | 49,664 | - | (335,042) | - | - |
| Changes in assumptions | - | (823,564) | - | 402,258 | - | - |
| Benefit payments | (234,541) | (234,541) | (237,538) | (237,538) | (264,238) | (248,141) |
| Net change in total OPEB liability | 263,677 | (655,909) | 112,430 | 206,702 | 100,327 | 112,195 |
| Total OPEB liability - beginning | <u>4,116,699</u> | <u>4,772,608</u> | <u>4,660,178</u> | <u>4,453,476</u> | <u>4,353,149</u> | <u>4,240,954</u> |
| Total OPEB liability - ending | \$ <u>4,380,376</u> | \$ <u>4,116,699</u> | \$ <u>4,772,608</u> | \$ <u>4,660,178</u> | \$ <u>4,453,476</u> | \$ <u>4,353,149</u> |
| Covered-employee payroll | \$ 14,138,684 | \$ 14,138,684 | \$ 7,572,538 | \$ 7,572,538 | \$ 8,559,200 | \$ 7,761,920 |
| Total OPEB liability as a percentage of covered-employee payroll | 30.98% | 29.12% | 63.03% | 61.54% | 52.03% | 56.08% |

Notes to Schedule:

- No assets are accumulated in a trust for the plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- This schedule is required to have 10 years of information, but the information prior to 2018 is not available.

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**COMBINING
FUND STATEMENTS**

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for restricted revenue sources which by law or contract are designated to finance particular functions or activities of the County and which, therefore, cannot be diverted to other uses.

Inmate Commissary – This fund is used to account for the County's share of commissary proceeds which may be used to develop a program addressing the social needs of the County prisoners; supply prisoners with certain supplies; establish, staff and equip the commissary operations; or fund, staff and equip a library for the educational use of County prisoners.

Road and Bridge Lateral – This fund is used to account for receipts of state gasoline taxes allocated by the State of Texas. The monies are transferred to the General Fund as costs are accumulated for the maintenance of certain County roads.

Law Library – This fund is used to account for the cost of maintaining the County's law library for public use. Financing is provided through fees charged as a part of court costs for cases processed through the Justice and District Courts.

Title IV-E – This fund is used to account for grant monies received associated with administering Title IV-E child support payments.

Drug Court Program – This fund is used to account for the Drug Court costs including the salary of the Drug Court Judge.

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by trust funds.

Capital Projects – This fund is used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure.

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CUSTODIAL FUNDS

District Clerk – These funds are used to account for monies of various individuals or firms held by the County in connection with litigation in progress in the District Courts.

County Clerk – These funds are used to account for monies of various individuals or firms held by the County in connection with litigation in progress in the County Courts.

State of Texas – This fund is used to account for the collection and payment of auto registration fees, sales taxes on automobiles, and court costs included in the collection of fines assessed by the courts for misdemeanors and felonies on behalf of the State of Texas.

HRA/FSA – This fund is used to account for Health Reimbursement Arrangement and/or Flexible Spending Account funds held by the County on behalf of employees.

District Attorney Evidence – This fund is used to account for evidence money obtained by the County and held until disposition as directed by the Courts.

MV Sales Tax - This fund is used to account for motor vehicle sales tax dollars collected by the County on behalf of the State of Texas.

Court Registry - This fund is used to account for the money that is held for the disputing parties until the case is settled and the money is disbursed to the appropriate party.

Tax Assessor Parks & Wildlife - This fund is used to account for funds collected by the County on behalf of the Texas Parks & Wildlife Department.

MV Electronic Transfers - This fund is used to account for any transfers made by the Tax Assessor through their accounts. The transfers mainly consist of transfers in to pay the money owed to the State Comptroller and Bowie County, and transfers out where the State Comptroller pulls the money owed. The fund is also used to collect or store Hot Check Reimbursements as they are received.

BCWC Resident - This fund is used to account for the monies held on behalf of the Bowie County Women's Center.

Inmate – This fund is used to account for monies of County inmates held in escrow on their behalf. The monies are disbursed to the jail commissary and other parties upon direction from the inmates.

MV Registration & Title – This fund is used by the tax assessor to hold motor vehicle registration and title payments before sending them to the state.

ROW Work – This fund is used by the tax assessor to collect fees that can only be used for road and bridge.

County Clerk Guardianship – This fund is used to account for interest earnings and principal cash established by the Court for various minors within the Court's jurisdiction. Upon attainment of the age of majority, the funds are remitted to the individuals.

Other – This fund is used to account for various monies collected or deposited with the County associated with activities such as bail bonds of individuals, restitution and attorneys' fees awarded by the Courts, and miscellaneous fees collected by the County Sheriff for various other local governments. The monies are disbursed to the parties for whom the assets are held by order of the Courts.

Adult Probation – This fund is used to account for monies held by the County as an agent for the Bowie County Community Supervision and Corrections Department.

Juvenile Probation – This fund is used to account for monies held by the County as an agent for the Bowie County Juvenile Probation Department.

BOWIE COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

| | Special Revenue | | |
|--------------------------------------|----------------------|-------------------------------|------------------|
| | Inmate Commissary | Road and Bridge Lateral | Law Library |
| ASSETS | | | |
| Cash and investments | \$ 265,944 | \$ 294,640 | \$ 23,743 |
| Due from other funds | - | - | - |
| Total assets | <u>265,944</u> | <u>294,640</u> | <u>23,743</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | 691 | - | 1,647 |
| Total liabilities | <u>691</u> | <u>-</u> | <u>1,647</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Road improvements | - | 294,640 | - |
| Law library | - | - | 22,096 |
| Inmate benefit | 265,253 | - | - |
| Drug Court | - | - | - |
| Total fund balances | <u>265,253</u> | <u>294,640</u> | <u>22,096</u> |
| Total liabilities and fund balances | <u>\$ 265,944</u> | <u>\$ 294,640</u> | <u>\$ 23,743</u> |

| Special Revenue | | Capital Projects | | Total Governmental Funds |
|-----------------|--------------------------|---------------------|------------|--------------------------------|
| Title IV-E | Drug Court Program | Capital Projects | | |
| \$ - | \$ 67,631 | \$ 104,611 | \$ 756,569 | |
| - | - | 31,482 | 31,482 | |
| - | 67,631 | 136,093 | 788,051 | |
| - | 1,599 | - | 3,937 | |
| - | 1,599 | - | 3,937 | |
| - | - | 136,093 | 430,733 | |
| - | - | - | 22,096 | |
| - | - | - | 265,253 | |
| - | 66,032 | - | 66,032 | |
| - | 66,032 | 136,093 | 784,114 | |
| \$ - | \$ 67,631 | \$ 136,093 | \$ 788,051 | |

BOWIE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Special Revenue | | |
|--|----------------------|-------------------------------|------------------|
| | Inmate Commissary | Road and Bridge Lateral | Law Library |
| REVENUES | | | |
| Taxes | \$ - | \$ 44,573 | \$ - |
| Charges for services | 148,103 | - | 55,075 |
| Intergovernmental | - | - | - |
| Investment earnings | - | - | - |
| Total revenues | <u>148,103</u> | <u>44,573</u> | <u>55,075</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | 124,673 | 19,252 | 2,025 |
| Public works | - | - | - |
| Debt service: | | | |
| Principal | - | - | 39,928 |
| Interest | - | - | 3,138 |
| Total expenditures | <u>124,673</u> | <u>19,252</u> | <u>45,091</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>23,430</u> | <u>25,321</u> | <u>9,984</u> |
| OTHER FINANCING USES | | | |
| Transfers out | - | - | - |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 23,430 | 25,321 | 9,984 |
| FUND BALANCES, BEGINNING | <u>241,823</u> | <u>269,319</u> | <u>12,112</u> |
| FUND BALANCES, ENDING | \$ <u>265,253</u> | \$ <u>294,640</u> | \$ <u>22,096</u> |

| Special Revenue | | Capital Projects | | Total Governmental Funds |
|-----------------|--------------------------|---------------------|----|--------------------------------|
| Title IV-E | Drug Court Program | Capital Projects | | |
| \$ - | \$ - | \$ - | \$ | 44,573 |
| - | - | - | | 203,178 |
| - | 10,564 | - | | 10,564 |
| - | - | 4,626 | | 4,626 |
| <u>-</u> | <u>10,564</u> | <u>4,626</u> | | <u>262,941</u> |
| - | 405 | - | | 146,355 |
| - | - | 128 | | 128 |
| - | - | - | | 39,928 |
| - | - | - | | 3,138 |
| <u>-</u> | <u>405</u> | <u>128</u> | | <u>189,549</u> |
| <u>-</u> | <u>10,159</u> | <u>4,498</u> | | <u>73,392</u> |
| (31,535) | - | - | (| 31,535) |
| (31,535) | - | - | (| 31,535) |
| (31,535) | 10,159 | 4,498 | | 41,857 |
| <u>31,535</u> | <u>55,873</u> | <u>131,595</u> | | <u>742,257</u> |
| \$ <u>-</u> | \$ <u>66,032</u> | \$ <u>136,093</u> | \$ | <u>784,114</u> |

BOWIE COUNTY, TEXAS

CUSTODIAL FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

| | Custodial Funds | | | | |
|-------------------------------|-----------------------|---------------------|-----------------------|-----------------|-----------------------------------|
| | <u>District Clerk</u> | <u>County Clerk</u> | <u>State of Texas</u> | <u>HRA FSA</u> | <u>District Attorney Evidence</u> |
| ASSETS | | | | | |
| Cash and investments | \$ <u>1,205,093</u> | \$ <u>1,131,111</u> | \$ <u>136,561</u> | \$ <u>3,925</u> | \$ <u>77,574</u> |
| Total assets | <u>1,205,093</u> | <u>1,131,111</u> | <u>136,561</u> | <u>3,925</u> | <u>77,574</u> |
| LIABILITIES | | | | | |
| Accounts payable | - | - | - | - | - |
| Due to other governments | - | - | <u>136,561</u> | - | - |
| Total liabilities | - | - | <u>136,561</u> | - | - |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Individuals and organizations | <u>1,205,093</u> | <u>1,131,111</u> | - | <u>3,925</u> | <u>77,574</u> |
| Total net position | <u>\$ 1,205,093</u> | <u>\$ 1,131,111</u> | <u>\$ -</u> | <u>\$ 3,925</u> | <u>\$ 77,574</u> |

Custodial Funds

| MV Sales Tax | Court Registry | Tax Assessor Parks & Wildlife | MV Electronic Transfers | BCWC Resident | Inmate |
|-----------------|-------------------|-------------------------------------|----------------------------|------------------|-------------------|
| \$ 9,016 | \$ 838,064 | \$ 29,628 | \$ 315,211 | \$ 15,208 | \$ 185,637 |
| <u>9,016</u> | <u>838,064</u> | <u>29,628</u> | <u>315,211</u> | <u>15,208</u> | <u>185,637</u> |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 9,016 | 838,064 | 29,628 | 315,211 | 15,208 | 185,637 |
| <u>\$ 9,016</u> | <u>\$ 838,064</u> | <u>\$ 29,628</u> | <u>\$ 315,211</u> | <u>\$ 15,208</u> | <u>\$ 185,637</u> |

BOWIE COUNTY, TEXAS

CUSTODIAL FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

| | Custodial Funds | | | |
|-------------------------------|-------------------------------|---------------------|------------------------------|-------------------|
| | MV Registration & Title | ROW Work | County Clerk Guardianship | Other |
| ASSETS | | | | |
| Cash and investments | \$ - | \$ 1,283,212 | \$ 1,119,978 | \$ 541,853 |
| Total assets | <u>-</u> | <u>1,283,212</u> | <u>1,119,978</u> | <u>541,853</u> |
| LIABILITIES | | | | |
| Accounts payable | - | 116,933 | - | 172,733 |
| Due to other governments | - | - | - | 126,214 |
| Total liabilities | <u>-</u> | <u>116,933</u> | <u>-</u> | <u>298,947</u> |
| NET POSITION | | | | |
| Restricted for: | | | | |
| Individuals and organizations | - | 1,166,279 | 1,119,978 | 242,906 |
| Total net position | <u>\$ -</u> | <u>\$ 1,166,279</u> | <u>\$ 1,119,978</u> | <u>\$ 242,906</u> |

| <u>Custodial Funds</u> | | |
|------------------------|---------------------------|------------------------------|
| <u>Adult Probation</u> | <u>Juvenile Probation</u> | <u>Total Custodial Funds</u> |
| \$ <u>2,231,202</u> | \$ <u>110,701</u> | \$ <u>9,233,974</u> |
| <u>2,231,202</u> | <u>110,701</u> | <u>9,233,974</u> |
| - | 16,997 | 306,663 |
| <u>85,085</u> | <u>-</u> | <u>347,860</u> |
| <u>85,085</u> | <u>16,997</u> | <u>654,523</u> |
| <u>2,146,117</u> | <u>93,704</u> | <u>8,579,451</u> |
| \$ <u>2,146,117</u> | \$ <u>93,704</u> | \$ <u>8,579,451</u> |

BOWIE COUNTY, TEXAS

CUSTODIAL FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Custodial Funds | | | | |
|--|---------------------|---------------------|----------------|-----------------|----------------------------|
| | District Clerk | County Clerk | State of Texas | HRA FSA | District Attorney Evidence |
| ADDITIONS | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ 2,903 | \$ - |
| Receipts from inmates | - | - | - | - | - |
| Fees collected for other governments | - | - | - | - | - |
| Taxes collected for other governments | - | - | - | - | - |
| Registry deposits | 787,796 | 485,731 | - | - | - |
| Interest | 10,790 | 27,850 | - | - | - |
| Total additions | <u>798,586</u> | <u>513,581</u> | <u>-</u> | <u>2,903</u> | <u>-</u> |
| DEDUCTIONS | | | | | |
| Taxes remitted to other governments | - | - | - | - | 6,045 |
| Fees remitted to other governments | - | - | - | 1,393 | - |
| Registry withdrawals | 578,147 | 175,287 | - | - | - |
| Disbursements to inmates | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total deductions | <u>578,147</u> | <u>175,287</u> | <u>-</u> | <u>1,393</u> | <u>6,045</u> |
| Net increase (decrease) in fiduciary net position | 220,439 | 338,294 | - | 1,510 | (6,045) |
| Net position - beginning | <u>984,654</u> | <u>792,817</u> | <u>-</u> | <u>2,415</u> | <u>83,619</u> |
| Net position - ending | <u>\$ 1,205,093</u> | <u>\$ 1,131,111</u> | <u>\$ -</u> | <u>\$ 3,925</u> | <u>\$ 77,574</u> |

Custodial Funds

| MV Sales Tax | Court Registry | Tax Assessor Parks & Wildlife | MV Electronic Transfers | BCWC Resident | Inmate |
|-----------------|-------------------|-------------------------------------|----------------------------|------------------|-------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | 1,058,992 |
| 20,008 | - | 823,681 | 25,202,647 | 293,495 | - |
| - | 2,268,536 | - | - | - | - |
| - | - | 54 | - | - | - |
| <u>20,008</u> | <u>2,268,536</u> | <u>823,735</u> | <u>25,202,647</u> | <u>293,495</u> | <u>1,058,992</u> |
| 11,055 | - | - | - | - | - |
| - | - | 866,751 | 26,998,522 | - | - |
| - | 2,411,768 | - | - | - | - |
| - | - | - | - | 289,714 | 1,054,568 |
| - | - | - | - | - | - |
| <u>11,055</u> | <u>2,411,768</u> | <u>866,751</u> | <u>26,998,522</u> | <u>289,714</u> | <u>1,054,568</u> |
| 8,953 | (143,232) | (43,016) | (1,795,875) | 3,781 | 4,424 |
| <u>63</u> | <u>981,296</u> | <u>72,644</u> | <u>2,111,086</u> | <u>11,427</u> | <u>181,213</u> |
| \$ <u>9,016</u> | \$ <u>838,064</u> | \$ <u>29,628</u> | \$ <u>315,211</u> | \$ <u>15,208</u> | \$ <u>185,637</u> |

BOWIE COUNTY, TEXAS

CUSTODIAL FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Custodial Funds | | | |
|--|-------------------------------|---------------------|------------------------------|-------------------|
| | MV Registration & Title | ROW Work | County Clerk Guardianship | Other |
| ADDITIONS | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Receipts from inmates | - | - | - | - |
| Fees collected for other governments | - | 783,940 | - | 308,086 |
| Taxes collected for other governments | - | - | - | - |
| Registry deposits | - | - | 1,088,790 | - |
| Interest | - | - | - | - |
| Total additions | <u>-</u> | <u>783,940</u> | <u>1,088,790</u> | <u>308,086</u> |
| DEDUCTIONS | | | | |
| Taxes remitted to other governments | - | - | - | - |
| Fees remitted to other governments | 12,063 | 834,971 | - | 360,140 |
| Registry withdrawals | - | - | 165,881 | - |
| Disbursements to inmates | - | - | - | - |
| Other | - | - | - | - |
| Total deductions | <u>12,063</u> | <u>834,971</u> | <u>165,881</u> | <u>360,140</u> |
| Net increase (decrease) in fiduciary net position | (12,063) | (51,031) | 922,909 | (52,054) |
| Net position - beginning | <u>12,063</u> | <u>1,217,310</u> | <u>197,069</u> | <u>294,960</u> |
| Net position - ending | <u>\$ -</u> | <u>\$ 1,166,279</u> | <u>\$ 1,119,978</u> | <u>\$ 242,906</u> |

| <u>Custodial Funds</u> | | |
|----------------------------|-------------------------------|----------------------------------|
| <u>Adult Probation</u> | <u>Juvenile Probation</u> | <u>Total Custodial Funds</u> |
| \$ 456,640 | \$ - | \$ 459,543 |
| - | - | 1,058,992 |
| - | 3,326 | 27,415,175 |
| - | - | 20,008 |
| - | - | 4,630,853 |
| - | - | 38,694 |
| <u>456,640</u> | <u>3,326</u> | <u>33,623,265</u> |
| - | - | 17,100 |
| - | - | 29,073,840 |
| - | - | 3,331,083 |
| 229,307 | - | 1,573,589 |
| <u>276,769</u> | <u>24,164</u> | <u>300,933</u> |
| <u>506,076</u> | <u>24,164</u> | <u>34,296,545</u> |
| (49,436) | (20,838) | (673,280) |
| <u>2,195,553</u> | <u>114,542</u> | <u>9,252,731</u> |
| \$ <u>2,146,117</u> | \$ <u>93,704</u> | \$ <u>8,579,451</u> |

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