

TRINITY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
September 30, 2023

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INTRODUCTORY SECTION

TRINITY COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
September 30, 2023

COMMISSIONERS' COURT

Danny Martin County Judge
Tommy Park..... Commissioner, Precinct 1
Mike Loftin Commissioner, Precinct 2
Neal Smith Commissioner, Precinct 3
Steven Truss Commissioner, Precinct 4

COUNTY ELECTED OFFICIALS

Lawrence Adamick..... Constable, Precinct 1
Mark W. Cole..... Constable, Precinct 2
Carl Casey..... Constable, Precinct 3
Brian McMullen Constable, Precinct 4
Colton Hay County Attorney
Shasta Bergman County Clerk
Orrin Hargrave County Treasurer
Mary Wallace..... Justice of the Peace, Precinct 1
Lyle Stubbs Justice of the Peace, Precinct 2
Keith Johnson..... Justice of the Peace, Precinct 3
Richard Steptoe Justice of the Peace, Precinct 4
Woody Wallace..... Sheriff
Nancy Shanafelt Tax Assessor/Collector

DISTRICT ELECTED OFFICIALS

Bennie Shiro..... District Attorney, 258th Judicial District
Jillian Steptoe District Clerk
Travis Kitchens District Judge, 258th Judicial District
John Wells, III..... District Judge, 411th Judicial District

APPOINTED OFFICIALS

Bonnie Kennedy County Auditor

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Members of the Commissioners' Court
Groveton, Texas

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller 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 the County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller of the United States 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying *Schedule of Expenditures of Federal and State Awards* is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 schedule of changes in net pension liabilities and related ratios be presented to supplement the basic financial statements. Such information, 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 the County's basic financial statements. The combining nonmajor 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditor's report there on. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Lufkin, Texas
June 25, 2024


CERTIFIED PUBLIC ACCOUNTANTS



**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Trinity County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2023. We encourage readers to consider information presented here as well as the County's financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- The County's overall assets and deferred outflows exceeded its liabilities and deferred inflows by \$11,509,667 (*net position*) at September 30, 2023.
- Total assets and deferred outflows increased by \$1,823,603 over the prior year; total liabilities and deferred inflows increased by \$1,859,313 over the prior year.
- Overall expenses exceeded revenues by \$35,710.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$4,995,750. Overall expenditures exceeded revenues by \$412,592.

Overview of the Financial Statements

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The *statement of net position* presents information on all of the County's assets, deferred inflows, deferred outflows, and liabilities, with the difference between these reported as *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 showing how the County's net position changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements. A *fund* is a grouping of related accounts that is 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 compliance with finance-related legal requirements

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* available at the end of the fiscal year

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

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

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources are *not* available to support the County's own programs.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$11,509,667 at September 30, 2023.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

The largest portion of the County's net position, or \$5,943,887, reflects its investment in capital assets. The County uses these capital assets to provide service 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 the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (a total of \$890,166) represents resources that are subject to restriction on how they may be used.

The remaining balance of \$4,675,614 is unrestricted in nature.

Net Position

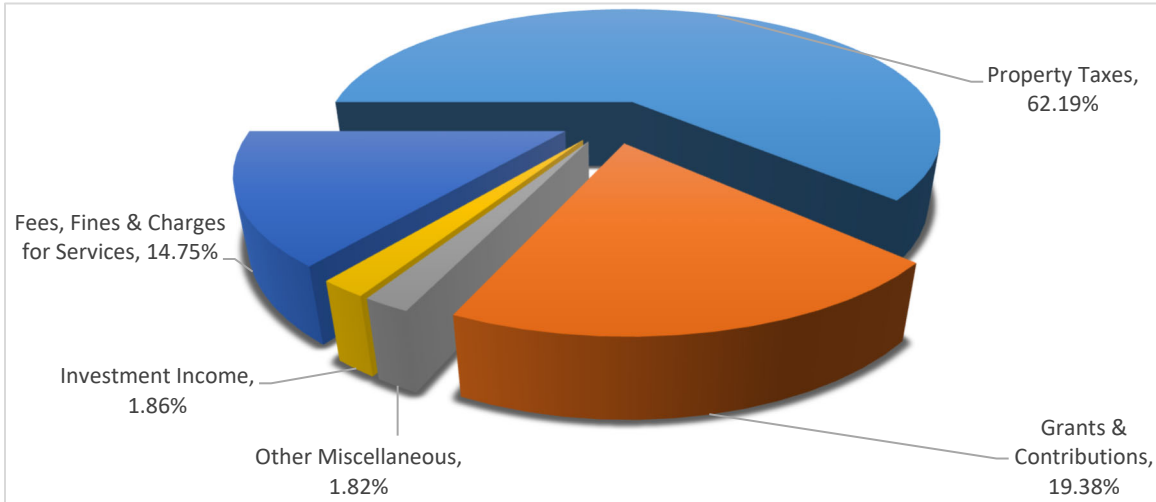
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 6 076 281	\$ 5 474 165
Capital assets, net	<u>7 087 441</u>	<u>6 906 497</u>
TOTAL ASSETS	<u>13 163 722</u>	<u>12 380 662</u>
Deferred outflows	<u>1 674 411</u>	<u>633 868</u>
Long-term liabilities	925 154	(1 048 293)
Other liabilities	<u>1 070 272</u>	<u>603 666</u>
TOTAL LIABILITIES	<u>1 995 426</u>	<u>(444 627)</u>
Deferred inflows	<u>1 333 040</u>	<u>1 913 780</u>
Net Position:		
Net investment in capital assets	5 943 887	6 906 497
Restricted	890 166	1 771 269
Unrestricted	<u>4 675 614</u>	<u>2 867 611</u>
TOTAL NET POSITION	<u>\$ 11 509 667</u>	<u>\$ 11 545 377</u>

Changes in Net Position

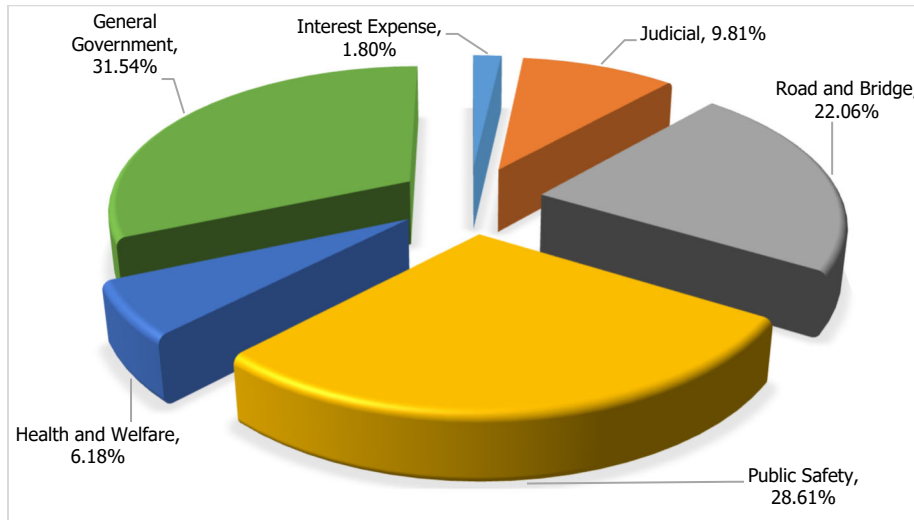
	<u>2023</u>	<u>2022</u>
Revenues:		
Charges for service	\$ 1 581 193	\$ 1 413 082
Grants and contributions, net of pass-through expenditures	2 077 660	870 389
Property taxes	6 666 753	6 390 206
Investment income	199 266	14 244
Gain (loss) on sale of assets	-	88 140
Other	<u>195 938</u>	<u>204 448</u>
TOTAL REVENUES	<u>10 720 810</u>	<u>8 980 509</u>
Expenses:		
General government	3 392 233	3 480 101
Judicial	1 055 167	862 147
Public safety	3 077 602	2 492 779
Road and bridge	2 372 816	1 476 372
Health and welfare	664 809	178 521
Interest on long-term debt	<u>193 893</u>	<u>173 413</u>
TOTAL EXPENSES, NET PASS THROUGH	<u>10 756 520</u>	<u>8 663 333</u>
INCREASE (DECREASE) IN NET POSITION	(35 710)	317 176
Net position, at beginning of year (restated)	<u>11 545 377</u>	<u>11 228 201</u>
NET POSITION, AT END OF YEAR	<u>\$ 11 509 667</u>	<u>\$ 11 545 377</u>

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Revenues by Source
For the Fiscal Year Ended September 30, 2023



Expenses by Function
For the Fiscal Year Ended September 30, 2023



Financial Analysis of the County's Funds

Governmental Funds. 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 financial requirements. In particular, *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.

As of September 30, 2023, the County's governmental funds reported a combined positive fund balance of \$4,995,750.

The fund balance is comprised of \$973,182 that is either in a nonspendable form, restricted, or assigned for specific purposes. The remaining balance, \$4,022,568

, is unassigned. During the year, the fund balance in the County's governmental funds increased by \$412,592.

Budgetary Comparisons. A comparison of the County's major fund's budget and actual results are presented as required supplementary information.

General Fund. Fund balance was budgeted to decrease \$75,478 for the fund. Actual results yielded a \$1,290,101 increase in fund balance, with a favorable budget variance of \$1,365,579.

Road and Bridge Fund, Precinct No. 1. To decrease fund balance by \$3,274 for the fund. Actual results yielded a \$229,177 decrease in fund balance, with an unfavorable budget variance of \$224,903.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Road and Bridge Fund, Precinct No. 2. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$140,529 decrease in fund balance, with an unfavorable budget variance of \$140,529.

Road and Bridge Fund, Precinct No. 3. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$209,726 decrease in fund balance, with an unfavorable budget variance of \$209,726.

Road and Bridge Fund, Precinct No. 4. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$149,031 decrease in fund balance, with an unfavorable budget variance of \$149,031.

Capital Assets

The County's investment in capital assets as of September 30, 2023 totaled \$7,087,441 (net of accumulated depreciation). This investment includes land, buildings, equipment, and improvements (other than buildings).

Capital assets of \$815,974 were purchased during the year. Significant purchases included:

- Various trucks and heavy equipment (partially funded by capital leases), and land

Capital Assets (Net of Depreciation)

	2023	2022
Land	\$ 206 915	\$ 163 333
Construction in progress	74 177	-
Buildings and improvements	7 383 189	7 357 349
Infrastructure	985 016	880 954
Rolling stock	3 684 921	3 376 253
Furniture and equipment	948 804	913 115
Right of use and SBITA assets	135 148	15 180
Less accumulated depreciation	<u>(6 330 729)</u>	<u>(5 799 687)</u>
TOTAL	<u>\$ 7 087 441</u>	<u>\$ 6 906 497</u>

Debt Administration

At the end of the current fiscal year, the County had total capital lease obligations of \$1,143,554.

Debt Outstanding

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
Capital leases	\$ 566 500	\$ 853 199	\$ 367 562	\$ 1 052 137
SBITA	-	114 423	23 006	91 417
	<u>\$ 566 500</u>	<u>\$ 967 622</u>	<u>\$ 390 568</u>	<u>\$ 1 143 554</u>

Requests for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the County's finances. If you have questions about this report or need any additional information, contact the Trinity County Auditor at 936.642.2233 or write to P. O. Box 1030, Groveton, Texas 75845.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TRINITY COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2023

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 4 804 843
Restricted cash	689 224
Receivables Net of Allowance for Uncollectibles:	
Property taxes, net of allowance for uncollectibles	383 745
Other	157 464
Prepaid expense	41 005
TOTAL CURRENT ASSETS	6 076 281
Noncurrent Assets:	
Capital Assets, Net:	
Land	206 915
Streets and infrastructure	300 422
Buildings and improvements	4 941 918
Vehicles	1 405 083
Machinery and equipment	51 919
Right of use asset	9 108
Subscription based IT arrangement	97 899
Construction in progress	74 177
TOTAL CAPITAL ASSETS, NET	7 087 441
TOTAL ASSETS	13 163 722
DEFERRED OUTFLOW	
Contribution subsequent to measurement data	233 812
Pension deferred outflows	1 440 599
TOTAL DEFERRED OUTFLOWS	1 674 411
TOTAL ASSETS AND DEFERRED OUTFLOWS	14 838 133
LIABILITIES	
Current Liabilities:	
Accounts payable	388 269
Accrued interest	19 592
Due to other funds	18 565
Accrued liabilities	175 726
Due within one year	468 120
TOTAL CURRENT LIABILITIES	1 070 272
Noncurrent Liabilities:	
Net pension liability (asset)	123 516
Due in more than one year	675 434
Accrued compensated absences	126 204
TOTAL NONCURRENT LIABILITIES	925 154
TOTAL LIABILITIES	1 995 426
DEFERRED INFLOWS	
Unavailable revenue	114 226
Deferred pension inflows	1 218 814
TOTAL DEFERRED INFLOWS	1 333 040
NET POSITION	
Net investment in capital assets	5 943 887
Restricted	890 166
Unrestricted	4 675 614
TOTAL NET POSITION	\$ 11 509 667

The notes to the financial statements are an integral part of this statement.

TRINITY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental Activities:					
General government	\$ 3 392 233	\$ 428 654	\$ 23 384	\$ -	\$ (2 940 195)
Judicial	1 055 167	246 180	28 387	-	(780 600)
Public safety	3 077 602	360 492	31 700	-	(2 685 410)
Roads and bridges	2 372 816	507 965	163 716	-	(1 701 135)
Health and welfare	664 809	37 902	1 830 473	-	1 203 566
Debt service expense	193 893	-	-	-	(193 893)
Pass-through to other entities	140 904	-	140 904	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10 897 424	\$ 1 581 193	\$ 2 218 564	\$ -	(7 097 667)
General Revenues:					
Taxes					
Property taxes - General					6 655 642
Property taxes - Debt service					11 111
Other tax revenue					30 555
Unrestricted investment earnings					199 266
Other unrestricted revenue					165 383
Gain (loss) on sale of an asset					-
TOTAL GENERAL REVENUES					7 061 957
CHANGE IN NET POSITION					(35 710)
Net position - Beginning					11 545 377
NET POSITION - ENDING					\$ 11 509 667

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TRINITY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	GENERAL FUND	ROAD AND BRIDGE FUND PCT #1	ROAD AND BRIDGE FUND PCT #2	ROAD AND BRIDGE FUND PCT #3	ROAD AND BRIDGE FUND PCT #4	COVID RELIEF GRANT FUND	NON-MAJOR GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
ASSETS								
Cash and investments	\$ 4 307 145	\$ 16 676	\$ 46 678	\$ 175 140	\$ 223 129	\$ 36 075	\$ -	\$ 4 804 843
Restricted cash	-	-	-	-	-	-	689 224	689 224
Taxes receivable, net	372 233	-	-	-	-	-	11 512	383 745
Other receivables, net	71 389	772	344	708	1 246	-	83 005	157 464
Prepaid expense	35 926	1 044	141	1 496	2 398	-	-	41 005
Due from other funds	34 601	-	-	-	-	-	2	34 603
TOTAL ASSETS	\$ 4 821 294	\$ 18 492	\$ 47 163	\$ 177 344	\$ 226 773	\$ 36 075	\$ 783 743	\$ 6 110 884
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 221 026	\$ 9 441	\$ 70	\$ 110 150	\$ 11 249	\$ 26 652	\$ 9 681	\$ 388 269
Due to other funds	-	-	-	-	-	-	53 168	53 168
Accrued liabilities	134 482	9 347	3 185	9 168	11 684	-	7 860	175 726
TOTAL LIABILITIES	355 508	18 788	3 255	119 318	22 933	26 652	70 709	617 163
Deferred Inflows:								
Unearned revenues	407 292	-	-	-	-	-	90 679	497 971
TOTAL DEFERRED INFLOWS	407 292	-	-	-	-	-	90 679	497 971
Fund Balances:								
Nonspendable - Prepaid	35 926	1 044	141	1 496	1 246	-	-	41 005
Restricted	-	(1 340)	43 764	56 530	201 442	9 423	575 265	849 161
Assigned	-	-	-	-	-	-	47 090	47 090
Unassigned	4 022 568	-	-	-	-	-	-	4 022 568
TOTAL FUND BALANCES	4 058 494	(296)	43 908	58 026	203 840	9 423	622 355	4 995 750
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 4 821 294	\$ 18 492	\$ 47 163	\$ 177 344	\$ 226 773	\$ 36 075	\$ 783 743	\$ 6 110 884

The notes to the financial statements are an integral part of this statement.

TRINITY COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
For the Year Ended September 30, 2023

Total fund balances - Governmental funds balance sheet	\$	4 995 750
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds		7 087 441
Deferred pension plan amounts relate to subsequent pension plan measurement periods and/or do not consume current financial resources and therefore, these amounts are not reported in the governmental funds		233 812
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows and outflows in the governmental funds		221 785
Deferred revenues for tax collection are recognized as received in the funds and as assessed in the government-wide statements		383 745
Payables for accrued interest on long-term liabilities and accrued compensated absences are not due in the current period and therefore, are not reported in the governmental funds		(145 796)
Payables for long-term liabilities, including long-term debt, and net pension liabilities are not due in the current period and therefore, are not reported in the governmental funds		<u>(1 267 070)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>11 509 667</u>

The notes to the financial statements are an integral part of this statement.

TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	GENERAL FUND	ROAD AND BRIDGE FUND PCT #1	ROAD AND BRIDGE FUND PCT #2	ROAD AND BRIDGE FUND PCT #3	ROAD AND BRIDGE FUND PCT #4	COVID RELIEF GRANT FUND	NON-MAJOR GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
Revenues:								
Property taxes	\$ 6 664 030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11 111	\$ 6 675 141
Other taxes	-	-	-	-	-	-	30 555	30 555
Fines and forfeitures	273 280	-	-	-	-	-	124 660	397 940
Fees, licenses, and permits	301 371	132 071	50 796	116 832	208 266	-	144 537	953 873
Grants and contributions	355 592	36 635	14 090	55 221	57 770	1 422 893	505 743	2 447 944
Payment in lieu of taxes	38 710	-	-	-	-	-	-	38 710
Interest	197 006	363	417	282	515	-	683	199 266
Other revenue	64 519	13 390	2 707	25 461	6 512	-	14 084	126 673
TOTAL REVENUES	7 894 508	182 459	68 010	197 796	273 063	1 422 893	831 373	10 870 102
Expenditures:								
General government	3 111 643	-	-	-	-	50 000	75 182	3 236 825
Judicial	929 209	-	-	-	-	-	127 547	1 056 756
Public safety	2 934 395	-	-	-	-	167 378	79 286	3 181 059
Road and bridge	-	476 012	260 101	458 433	499 187	244 139	-	1 937 872
Health and welfare	213 132	-	-	-	-	337 990	113 687	664 809
Debt service	-	60 161	-	79 029	54 703	-	-	193 893
Capital outlay	-	-	-	5 800	29 278	-	19 500	54 578
Pass through to other entities	-	-	-	-	-	-	140 904	140 904
TOTAL EXPENDITURES	7 188 379	536 173	260 101	543 262	583 168	799 507	556 106	10 466 696
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	706 129	(353 714)	(192 091)	(345 466)	(310 105)	623 386	275 267	403 406
Other Financing Sources (Uses):								
Sale of assets	9 186	-	-	-	-	-	-	9 186
Transfers in (out)	574 786	124 537	51 562	135 740	161 074	(646 803)	(400 896)	-
TOTAL OTHER FINANCING SOURCES (USES)	583 972	124 537	51 562	135 740	161 074	(646 803)	(400 896)	9 186
NET CHANGE IN FUND BALANCE	1 290 101	(229 177)	(140 529)	(209 726)	(149 031)	(23 417)	(125 629)	412 592
Fund balance - Beginning of year	2 768 393	228 881	184 437	267 752	352 871	32 840	747 984	4 583 158
FUND BALANCE - END OF YEAR	\$ 4 058 494	\$ (296)	\$ 43 908	\$ 58 026	\$ 203 840	\$ 9 423	\$ 622 355	\$ 4 995 750

The notes to the financial statements are an integral part of this statement.

TRINITY COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net change in fund balances - Governmental funds	\$	412 592
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays are not reported as expenses in the statement of activities.		815 974
The depreciation of capital assets used in governmental activities is not reported in the government funds.		(635 030)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(8 388)
Proceeds from the issuance of long-term debt (e.g. bonds, leases) and the repayment of long-term debt do not provide revenue in the statement of activities, but are reported as current resources in the governmental funds.		(576 554)
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.		(58 497)
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.		29 123
Amount represents the change in accrued interest from the beginning of the period to the end of the period.		<u>(14 930)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(35 710)</u></u>

The notes to the financial statements are an integral part of this statement.

TRINITY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2023

	<u>COMBINED FIDUCIARY FUNDS</u>
ASSETS	
Restricted cash	\$ 596 317
TOTAL ASSETS	<u>596 317</u>
LIABILITIES	
Accounts payable	905
Accrued expenses	87 456
Due to other funds	<u>6 576</u>
TOTAL LIABILITIES	<u>94 937</u>
NET POSITION	\$ <u><u>501 380</u></u>

The accompanying notes are an integral part of this financial statement.

TRINITY COUNTY, TEXAS
STATEMENT OF CHANGE IN NET POSITION OF FIDUCIARY FUNDS
September 30, 2023

	<u>COMBINED FIDUCIARY FUNDS</u>
Additions: Fees Interest income TOTAL ADDITIONS	\$ 4 775 031 130 <u>4 775 161</u>
Disbursements: Payments to others TOTAL DISBURSEMENTS	 <u>4 696 134</u> <u>4 696 134</u>
CHANGE IN NET POSITION	79 027
Beginning net position	<u>422 353</u>
ENDING NET POSITION	\$ <u><u>501 380</u></u>

The accompanying notes are an integral part of this financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Trinity County, Texas (the "County") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies used by the County are discussed below.

A. Reporting Entity

Trinity County (the "County") is a public corporation and political subdivision of the State of Texas. The County is governed by an elected Commissioners' Court, comprised of the County Judge and four Commissioners. The County provides the following services as authorized by the laws of the State of Texas: general government (e.g. tax collection), judicial (courts, juries, district attorney etc.), public safety (sheriff, jail etc.), highways and streets, and public welfare (e.g. juvenile services and assistance to indigents).

For financial reporting purposes, based on standards established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, these financial statements should present the County (the primary government) and its component units. Component units generally are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The County does not have any blended or discretely presented component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the activities of the County as a whole. *Governmental activities* include programs normally supported by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers 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 revenue sources not properly included with program revenues are reported as *general revenues*.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

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

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and donations are recognized as revenue in the fiscal year in which grantor eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. Debt service expenditures, both principal and interest, are recorded only when payment is due.

Major governmental fund revenue sources susceptible to accrual include: sales and use taxes, property taxes, and investment income. In general, all other revenue items are considered to be measurable and available only when cash is received. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County's funds are classified as either governmental or fiduciary and are described below.

Governmental Funds. Governmental funds are used to account for all or most of a government's general activity.

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The principal sources of revenues include local property taxes, fines, fees, license and permits, and intergovernmental revenue and grants. Expenditures include general government; judicial; public safety; and health and welfare.

The *debt service fund* is used to account for the collection of interest and sinking funds collected and expenditures for the payment of the County's certificates of obligation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.

Fiduciary funds account for assets held by a government in a trustee or agency capacity on behalf of others.

Custodial funds are used to account for assets received and held for the benefit of other funds, individuals, or organizations. Agency funds held by the county function as clearing accounts and 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.

The general fund is considered a major governmental fund. Additionally, the County has elected to present the road and bridge funds for precincts 1, 2, 3, and 4 as major funds due to their significance within the County.

The County has no proprietary funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the County's policy to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

A. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include investments with original maturities of three months or less and are stated at fair value.

The County is required by the Public Funds Collateral Act (Governmental Code, chapter 2257) to maintain security for all deposits of funds that exceed coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). As of the balance sheet date, the County's cash deposits were fully collateralized by securities pledged by the depository banks. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Collateral Act.

The County is required by the Public Funds Investment Act (Government Code, chapter 2256) (the "Act") to adopt, implement, and publicize a written investment policy which primarily emphasizes safety of principal and liquidity, and addresses investment diversification, yield, and maturity. Additionally, the policy must address the quality and capability of investment management and include the types of investments in which the entity may invest its funds, as well as the maximum allowable stated maturity of any individual investment, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio of pooled fund groups, and bid requirements for certificates of deposit.

The County is authorized to invest in financial instruments, as authorized by the Act, including:

- U. S. Treasury securities which have a liquid market; direct obligations of the State of Texas, and other obligations that are guaranteed by the State of Texas or United States of America;
- Obligations of states, agencies, counties, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent;
- Fully insured or collateralized certificates of deposit at commercial banks;
- Repurchase agreements collateralized by U.S. Treasury or U.S. Government Agency securities in accordance with a master repurchase agreement;
- Joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law (the pool must be continuously rated no lower than "AAA" or "AAA-m" by at least one nationally recognized rating service).

The Act also requires an annual audit of investment practices. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Fund Investment Act.

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE - CONTINUED

B. Fair Value of Financial Instruments

The County evaluates the fair value of its non-investment financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of all non-investment financial instruments, including debt, is considered to approximate fair value.

C. Receivables

Property tax receivables reflect outstanding and delinquent property tax levies and are shown net of an allowance for uncollectibles. The allowance is calculated based on historical collection rates.

Fines receivable reflect outstanding fines and citations charged by the various justice of the peace offices within the County. The receivable is shown net of an allowance for uncollectibles. The fines receivable allowance is calculated based on historical collection rates.

D. Restricted Assets

Certain assets are classified as restricted because they are maintained in separate accounts and their use is limited by applicable bond covenants, grant agreements, laws or regulations, and/or other contractual agreements.

E. Prepaid Items

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

F. Capital Assets, Depreciation, and Amortization

The County's property, plant, equipment, and infrastructure are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 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. Contributed capital assets are recorded at estimated fair market value at the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Infrastructure assets are a subset of capital assets and primarily consist of roads and bridges. No capital expenditures for roads or bridges were made during the year.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives of the County's capital assets are as follows:

ASSETS	YEARS
Buildings and improvements	5 - 40
Office furniture and equipment	3 - 7
Rolling stock	2 - 7
Infrastructure	20 - 30

G. Deferred Inflows/Outflows of Resources

Deferred 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 represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has several of these types of items which arise only under a full accrual basis of accounting and are therefore reported only on the government-wide statement of net position, that qualify for reporting in this category: unamortized differences - pension plan projected and actual investment earnings; and unamortized differences - changes in actuarial assumptions, are recognized as a component of pension expense at an actuarially determined rate. Pension contributions subsequent to the plan measurement date is recognized as a component of pension expense in the following fiscal year.

Deferred Inflows of Resources. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has several of these items that qualify for reporting in this category: two items, which arise only under a modified accrual basis of accounting, unavailable revenue - property taxes and unavailable revenue - fines, are reported only on the governmental funds balance sheet; and one item, which arises only under a full accrual basis of accounting, unamortized differences - pension plan expected and actual economic experience, is recognized as a component of pension expense at an actuarially determined rate and is reported on the government-wide statement of net position.

**NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND NET POSITION OR FUND BALANCE - CONTINUED**

H. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the bond premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period such activity occurs. 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 services expenditures.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financial sources and as capital outlay in the acquiring fund. Lease payments representing both principal and interest are recorded as expenditures in the applicable fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

I. Pensions

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

J. Net Position and Fund Balances

In the government-wide financial statements, the difference between the County's total assets, deferred outflows, total liabilities and deferred inflows represents net position. Net position is displayed in three components - invested in capital assets, net of related debt; restricted; and unrestricted. At September 30, 2023, restricted net position represents monies that are legally restricted for payment of debt service, law enforcement costs, and other purposes restricted by law. Unrestricted net position represents the net assets available for future operations.

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes due to constraints imposed on resources either (a) externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Commissioners' Court - the government's highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commissioners' Court.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned - all other spendable amounts.

K. Estimates

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

A. Budgets and Budgetary Process

The County Judge submits an annual budget to the Commissioners Court for review and approval prior to September of the upcoming fiscal year. Routinely, several budget workshops are held in which the original budget is reviewed and possibly revised. In September, the Commissioners Court and County Judge adopt the annual budget for the general fund and selected special revenue funds.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Subsequent to approval, the Commissioners Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures. The County amended its budget several times during the year, with all budget amendments being approved by an act of the Commissioners Court.

Accounting standards require budgets to be presented for all of the County's major funds. A comparison of the actual versus budgeted results for each major fund is included in required supplementary information.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Assets

Deposits and Investments

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

Cash Deposits

At September 30, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,090,384. The County's cash deposits at September 30, and during the year ended September 30, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments

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

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

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

The County's investments at September 30 are shown below:

INVESTMENT OR INVESTMENT TYPE	WEIGHTED AVG MATURITY	FAIR VALUE
TexSTAR Investment Pool	28 days	\$ 298 568
LOGIC Investment Pool	42 days	209 778
Texas CLASS Investment Pool	72 days	3 390 849
TOTAL INVESTMENTS		\$ 3 899 195

Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

Deposits

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

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

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

- c. Concentration of Credit Risk
This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.
- d. Interest Rate Risk
This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.
- e. Foreign Currency Risk
This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

Investment Accounting Policy

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

B. Receivables

Receivable and Uncollectible Accounts. Receivables at year end for the County's individual major funds, including the related allowances for uncollectible accounts are as follows:

	PROPERTY TAXES	FINES	TOTALS
Receivables by Activity:			
General fund	\$ 2 841 556	\$ 1 001 966	\$ 3 843 522
Debt service fund	76 749	-	76 749
TOTAL RECEIVABLES	2 918 305	1 001 966	3 920 271
Allowance for Uncollectibles:			
General fund	(2 109 323)	(971 907)	(3 081 230)
Debt service fund	(65 237)	-	(65 237)
TOTAL ALLOWANCES	(2 174 560)	(971 907)	(3 146 467)
TOTAL RECEIVABLES, NET	\$ 383 745	\$ 30 059	\$ 413 804

Property Taxes. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are due October 1 and become delinquent January 31. The combined tax rate to finance general governmental services and principal and interest on general long term debt for the year ended September 30, 2023.

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2026 is as follows:

	BALANCE 09/30/2022	INCREASES	DECREASES	BALANCE 09/30/2023
Capital Assets Not Being Depreciated:				
Land	\$ 163 333	\$ 43 582	\$ -	\$ 206 915
Construction in progress	-	74 177	-	74 177
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	163 333	117 759	-	281 092
Capital Assets Being Depreciated:				
Buildings and improvements	7 357 349	25 840	-	7 383 189
Infrastructure	880 954	104 062	-	985 016
Rolling stock	3 376 253	412 656	(103 988)	3 684 921
Furniture and equipment	913 115	35 689	-	948 804
Right of use asset - Copier lease	15 180	-	-	15 180
SBITA	-	119 968	-	119 968
TOTAL CAPITAL ASSETS BEING DEPRECIATED	12 542 851	698 215	(103 988)	13 137 078
Less Accumulated Depreciation For:				
Buildings and improvements	(2 255 017)	(186 254)	-	(2 441 271)
Infrastructure	(601 537)	(83 057)	-	(684 594)
Rolling stock	(2 061 774)	(322 052)	103 988	(2 279 838)
Furniture and equipment	(878 323)	(18 562)	-	(896 885)
Right of use asset - Copier lease	(3 036)	(3 036)	-	(6 072)
SBITA	-	(22 069)	-	(22 069)
TOTAL ACCUMULATED DEPRECIATION	(5 799 687)	(635 030)	103 988	(6 330 729)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	6 743 164	63 185	-	6 806 349
TOTAL CAPITAL ASSETS, NET	\$ 6 906 497	\$ 180 944	\$ -	\$ 7 087 441

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Depreciation expense was charged to the following functions/programs of governmental activities as follows:

General government	\$	172 503
Judicial		6 442
Road and bridge		147 676
Public safety		<u>308 409</u>
TOTAL	\$	<u>635 030</u>

NOTE 5 - LIABILITIES

A. Long-term Liabilities

The County has entered into lease agreements as lessee for financing the acquisition of machinery and equipment, vehicles, and right of use assets. The agreements accrue interest at rates from 2.09% to 2.55% and are all for durations greater than one year. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

Long-term liability activity for the year ended September 30, 2023, was as follows:

		BALANCE 09/30/2022	ADDITIONS	REDUCTIONS	BALANCE 09/30/2023	DUE WITHIN ONE YEAR
Leases Payable:						
Capital leases	\$	566 500	\$ 853 199	\$ (367 562)	\$ 1 052 137	\$ 431 103
Right of use asset - SBITA		-	114 423	(23 006)	91 417	37 017
TOTAL LEASES PAYABLE	\$	<u>566 500</u>	<u>\$ 967 622</u>	<u>\$ (390 568)</u>	<u>\$ 1 143 554</u>	<u>\$ 468 120</u>

Interest expenses for the year totaled \$21,653.

Future lease payments and interest:

	CAPITAL LEASES		RIGHT OF USE ASSETS -SBITA		TOTAL	
	PRINCIPLE	INTEREST	PRINCIPLE	INTEREST	PRINCIPLE	INTEREST
2024	\$ 431 103	\$ 47 395	\$ 37 017	\$ 2 972	\$ 468 120	\$ 50 367
2025	140 461	23 619	38 385	1 605	178 846	25 224
2026	145 883	18 200	16 015	224	161 898	18 424
2027	132 072	12 605	-	-	132 072	12 605
2027	202 618	3 717	-	-	202 618	3 717
TOTAL	<u>\$ 1 052 137</u>	<u>\$ 105 536</u>	<u>\$ 91 417</u>	<u>\$ 4 801</u>	<u>\$ 1 143 554</u>	<u>\$ 110 337</u>

B. Interfund Transaction

Internal Balances. Interfund receivable and payable balances are the result of cash needed by a special revenue fund until the fund is able to generate sufficient revenues to cover expenditures. These receivables and payables are netted and eliminated on the government-wide statement of net position. The following schedule summarizes the County's due to/due from at September 30, 2023:

	DUE TO	DUE FROM	AMOUNT
General fund		Grant fund	\$ 34 603
General fund		Fiduciary fund	<u>18 565</u>
			<u>\$ 53 168</u>

Interfund Transfers. Transfers between funds are indicative of funding for capital projects; lease payments or debt service; subsidies of various County operations; and re-allocations of special revenues. The following schedule summarizes the County's transfers at September 30, 2023:

		TRANSFERS IN		TRANSFERS OUT
General	\$	2 370 989	\$	1 796 203
Road and Bridge Precinct No. 1		224 537		100 000
Road and Bridge Precinct No. 2		118 762		67 200
Road and Bridge Precinct No. 3		335 740		200 000
Road and Bridge Precinct No. 4		426 129		265 055
Covid Relief Grant		808 298		1 455 101
Nonmajor Special Revenue Funds		<u>125 962</u>		<u>526 858</u>
TOTALS	\$	<u>4 410 417</u>	\$	<u>4 410 417</u>

C. Defined Benefit Pension Plan

Plan Description. Trinity County participates as one of 677 plans in the non-traditional defined benefit 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. TCDRS in the aggregate issues an annual comprehensive financial report ("ACFR") on a calendar year basis. The ACFR is available online at www.tcdrs.org.

NOTE 5 - LIABILITIES - CONTINUED

Benefits Provided. The County provides retirement benefits for all of its full-time employees. TCDRS is a savings-based plan. For the County's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity. There are no automatic cost of living adjustments. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS.

Members can retire at ages 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 the County.

Employees Covered by Benefit Terms. At December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	85
Inactive employees entitled to but not yet receiving benefits	152
Active employees	94
	331

Contributions and Actuarial Information. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings. The employee contribution rate may be changed by the County, within the options available in the TCDRS Act. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually, and the employer is required to contribute at that rate. The employer may increase its contribution rate and/or make additional contributions in excess of its annual required contribution.

The County has not elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The County contributed using the actuarially determined rate of 8.5% for calendar year 2022 and 8.4% for calendar year 2021. The contribution rate payable by the employee members for fiscal year 2022 is the rate of 8.5% as adopted by the County. For fiscal year 2022, the County's required contributions equaled actual contributions which totaled \$260,361.

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

Actuarial Assumptions. The required contribution was determined as part of the December 31, 2022 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2022, included (a) 7.5% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9%. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The total pension liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2022 was 4 years.

Salary increases were based on a service-related table. Mortality rates for active members were based on the gender-distinct RP2000 Active Employee Mortality Table, with males calculated with a two-year set-forward, and with females calculated with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. Mortality rates for retirees, beneficiaries, and non-depositing members were based on the gender-distinct RP2000 Combined Mortality Table projected to 2014 with scale AA, and then projected with 110% of the MP-2014 Ultimate scale after that, with males calculated with a one-year set-forward and with females calculated with no age adjustment. For disabled annuitants, the gender-distinct RP2000 Disabled Mortality Table is used, projected to 2014 with scale AA, and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and with a two-year set-forward for females.

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2021 valuation were based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68. Assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 7.60%. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10 year time horizon.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2023

NOTE 5 - LIABILITIES - CONTINUED

Note that the valuation assumption for a long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

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 Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.
(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.
(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate. The discount rate used to measure the Total Pension Liability was 7.60%, which is net of investment expenses and increased by 0.10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee 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 periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability/Asset. A schedule of changes in net pension liability/asset is as follows:

	INCREASE (DECREASE)		
	TOTAL	PLAN	NET
	PENSION LIABILITY (A)	FIDUCIARY NET POSITION (B)	POSITION LIABILITY (ASSET) (A) - (B)
Balance at 12/31/2021	\$ 11 900 120	\$ 13 366 607	\$ (1 466 487)
Changes for the Year:			
Service cost	305 697	-	305 697
Interest on total pension liability	894 017	-	894 017
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	66 209	-	66 209
Changes of assumptions	-	-	-
Refund of contributions	(42 808)	(42 808)	-
Benefit payments	(858 559)	(858 559)	-
Administrative expenses	-	(7 115)	7 115
Employer contributions	-	218 528	(218 528)
Member contributions	-	(747 543)	747 543
Net investment income	-	260 361	(260 361)
Other	-	(48 311)	48 311
Balance at 12/31/2022	\$ 12 264 676	\$ 12 141 160	\$ 123 516

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate. The following presents the net pension liability/asset of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-point higher (8.6%) than the current rate:

	1% DECREASE		1% INCREASE	
	IN DISCOUNT RATE (6.6%)	DISCOUNT RATE (7.6%)	IN DISCOUNT RATE (8.6%)	
Total pension liability	\$ 13 604 771	\$ 12 264 676	\$ 11 127 668	
Fiduciary net position	12 141 160	12 141 160	12 141 160	
NET PENSION LIABILITY (ASSET)	\$ 1 463 611	\$ 123 516	\$ (1 013 492)	

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2023

NOTE 5 - LIABILITIES - CONTINUED

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended September 30, 2023, the County recognized net pension (benefit) expense of \$260,361. Net pension (benefit) expense was charged to functions/programs as follows:

FUNCTION/PROGRAM	GOVERNMENTAL ACTIVITIES
General government	\$ 10 015
Judicial	3 270
Road and bridge	9 842
Public safety	5 996
TOTAL	\$ 29 123

At September 30, 2023, the County reported deferred amounts related to pension from the following sources:

	DEFERRED INFLOWS OF RESOURCES	DEFERRED OUTFLOWS OF RESOURCES
Difference between expected and actual economic experience	\$ -	\$ 44 138
Difference between projected and actual investment earnings	-	-
Changes in actuarial assumptions	1 218 814	1 396 461
Contributions subsequent to the measurement date	-	233 812
TOTALS, GOVERNMENT ACTIVITIES	\$ 1 218 814	\$ 1 674 411

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$221,785, will be recognized as a reduction of the net pension liability/asset for the fiscal year ending September 30, 2023. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

PLAN YEAR ENDING DECEMBER 31,		
2023	\$	(156 560)
2024		1 447
2025		27 783
2026		349 115
2027		-
Thereafter		-
TOTAL	\$	221 785

NOTE 6 - OTHER INFORMATION

A. 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, injuries to employees; and natural disasters. The County provides insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this coverage during the current year.

B. Contingent Liabilities

All amounts received or receivable from grant agencies are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already collected, may be required to be repaid to the granting agency. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

C. Subsequent Events

Management has evaluated subsequent events through June 25, 2024, the date when the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Property taxes	\$ 6 790 000	\$ 6 790 000	\$ 6 664 030	\$ (125 970)
Fines and forfeitures	152 000	152 000	273 280	121 280
Fees, licenses, and permits	250 750	250 750	301 371	50 621
Grants and donations	92 055	116 415	355 592	239 177
Payments in lieu of taxes	30 000	30 000	38 710	8 710
Interest	10 000	10 000	197 006	187 006
Other revenue	27 340	27 340	64 519	37 179
TOTAL REVENUES	<u>7 352 145</u>	<u>7 376 505</u>	<u>7 894 508</u>	<u>518 003</u>
Expenditures:				
General Government:				
County Judge	188 589	188 589	206 271	(17 682)
County Clerk	155 541	155 541	139 567	15 974
Elections Administrator	91 128	91 128	89 136	1 992
County Auditor	145 458	145 458	145 820	(362)
County Treasurer	106 704	106 704	106 062	642
Data processing	227 969	227 969	264 094	(36 125)
Tax Assessor-Collector	191 827	191 827	191 266	561
Veterans office	19 162	19 162	19 017	145
Courthouse maintenance	242 433	242 433	247 267	(4 834)
County agent	59 368	59 368	56 704	2 664
County insurance	800 000	800 000	1 051 634	(251 634)
Non-departmental	500 725	488 022	446 147	41 875
Fringe benefits	30 000	30 000	22 981	7 019
Courthouse miscellaneous	144 500	144 500	125 677	18 823
Grant Writer Administrator	43 829	43 829	-	43 829
TOTAL GENERAL GOVERNMENT	<u>2 947 233</u>	<u>2 934 530</u>	<u>3 111 643</u>	<u>(177 113)</u>
Judicial:				
County Court	31 600	31 600	14 504	17 096
District Court	183 603	183 603	239 516	(55 913)
District Clerk	116 634	116 634	132 415	(15 781)
County Attorney	119 623	119 623	110 606	9 017
District Attorney	189 156	189 156	121 102	68 054
Justice of the Peace, Pct 1	80 969	80 969	83 102	(2 133)
Justice of the Peace, Pct 2	75 814	75 814	75 080	734
Justice of the Peace, Pct 3	74 560	74 560	71 576	2 984
Justice of the Peace, Pct 4	79 960	79 960	81 308	(1 348)
TOTAL JUDICIAL	<u>951 919</u>	<u>951 919</u>	<u>929 209</u>	<u>22 710</u>
Public Safety:				
911/Emergency management	40 902	40 902	39 382	1 520
Public safety	102 191	106 941	109 879	(2 938)
Sheriff department	1 098 736	1 139 711	1 188 348	(48 637)
Jail	987 835	1 012 195	1 423 216	(411 021)
Constable, Pct No. 1	44 952	44 952	42 004	2 948
Constable, Pct No. 2	46 383	46 383	47 428	(1 045)
Constable, Pct No. 3	45 727	45 727	38 923	6 804
Constable, Pct No. 4	45 453	45 453	45 215	238
TOTAL PUBLIC SAFETY	<u>2 412 179</u>	<u>2 482 264</u>	<u>2 934 395</u>	<u>(452 131)</u>
Health and Welfare:				
Civic improvements	27 100	27 100	27 080	20
Health and welfare	132 920	132 920	148 588	(15 668)
Environmental enforcement officer	38 076	38 076	37 464	612
TOTAL HEALTH AND WELFARE	<u>198 096</u>	<u>198 096</u>	<u>213 132</u>	<u>(15 036)</u>
TOTAL EXPENDITURES	<u>6 509 427</u>	<u>6 566 809</u>	<u>7 188 379</u>	<u>(621 570)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>842 718</u>	<u>809 696</u>	<u>706 129</u>	<u>(103 567)</u>
Other Financing Sources (Uses):				
Sale of assets	-	-	9 186	9 186
Transfers in	40 000	76 296	2 370 989	2 294 693
Transfers out	(958 196)	(961 470)	(1 796 203)	(834 733)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(918 196)</u>	<u>(885 174)</u>	<u>583 972</u>	<u>1 469 146</u>
NET CHANGE IN FUND BALANCE	<u>(75 478)</u>	<u>(75 478)</u>	<u>1 290 101</u>	<u>1 365 579</u>
Fund balance - Beginning of year	2 768 393	2 768 393	2 768 393	-
FUND BALANCE - END OF YEAR	<u>\$ 2 692 915</u>	<u>\$ 2 692 915</u>	<u>\$ 4 058 494</u>	<u>\$ 1 365 579</u>

See independent auditor's report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 1
For the Year Ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 130 858	\$ 130 858	\$ 132 071	\$ 1 213
Grants and donations	34 320	34 320	36 635	2 315
Interest	135	135	363	228
Other revenue	-	-	13 390	13 390
TOTAL REVENUES	<u>165 313</u>	<u>165 313</u>	<u>182 459</u>	<u>17 146</u>
Expenditures:				
Road and bridge	359 183	376 124	426 672	(50 548)
Capital outlay	-	49 340	49 340	-
Debt Service:				
Principal	22 329	22 329	48 933	(26 604)
Interest	8 838	8 838	11 228	(2 390)
TOTAL EXPENDITURES	<u>390 350</u>	<u>456 631</u>	<u>536 173</u>	<u>(79 542)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(225 037)</u>	<u>(291 318)</u>	<u>(353 714)</u>	<u>(62 396)</u>
Other Financing Sources (Uses):				
Sale of assets	500	500	-	500
Transfers in	221 263	287 544	224 537	(63 007)
Transfers (out)	-	-	(100 000)	(100 000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>221 763</u>	<u>288 044</u>	<u>124 537</u>	<u>(162 507)</u>
NET CHANGE IN FUND BALANCES	(3 274)	(3 274)	(229 177)	(224 903)
Fund balances - Beginning of year	<u>228 881</u>	<u>228 881</u>	<u>228 881</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 225 607</u>	<u>\$ 225 607</u>	<u>\$ (296)</u>	<u>\$ (224 903)</u>

See independent auditor's report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 2
For the Year Ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 50 330	\$ 50 330	\$ 50 796	\$ 466
Grants and donations	13 200	13 200	14 090	890
Interest	100	100	417	317
Other revenue	-	-	2 707	2 707
TOTAL REVENUES	<u>63 630</u>	<u>63 630</u>	<u>68 010</u>	<u>4 380</u>
Expenditures:				
Road and bridge	<u>115 192</u>	<u>273 990</u>	<u>260 101</u>	<u>13 889</u>
TOTAL EXPENDITURES	<u>115 192</u>	<u>273 990</u>	<u>260 101</u>	<u>13 889</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(51 562)</u>	<u>(210 360)</u>	<u>(192 091)</u>	<u>18 269</u>
Other Financing Sources (Uses):				
Transfers in	118 762	277 560	118 762	(158 798)
Transfers (out)	<u>(67 200)</u>	<u>(67 200)</u>	<u>(67 200)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>51 562</u>	<u>210 360</u>	<u>51 562</u>	<u>(158 798)</u>
NET CHANGE IN FUND BALANCE	-	-	(140 529)	(140 529)
Fund balance - Beginning of year	<u>184 437</u>	<u>184 437</u>	<u>184 437</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 184 437</u>	<u>\$ 184 437</u>	<u>\$ 43 908</u>	<u>\$ (140 529)</u>

See independent auditor's report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 3
For the Year Ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 115 759	\$ 115 759	\$ 116 832	\$ 1 073
Grants and donations	30 360	30 360	55 221	24 861
Interest	200	200	282	82
Other revenue	-	-	25 461	25 461
TOTAL REVENUES	<u>146 319</u>	<u>146 319</u>	<u>197 796</u>	<u>51 477</u>
Expenditures:				
Road and bridge	382 510	484 736	458 433	26 303
Capital outlay	-	17 867	5 800	12 067
Debt Service:				
Principal	61 888	61 888	74 020	(12 132)
Interest	6 187	6 187	5 009	1 178
TOTAL EXPENDITURES	<u>450 585</u>	<u>570 678</u>	<u>543 262</u>	<u>27 416</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(304 266)</u>	<u>(424 359)</u>	<u>(345 466)</u>	<u>78 893</u>
Other Financing Sources (Uses):				
Sales of assets	1 000	1 000	-	(1 000)
Transfers in	303 266	423 359	335 740	(87 619)
Transfers (out)	-	-	(200 000)	(200 000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>304 266</u>	<u>424 359</u>	<u>135 740</u>	<u>(288 619)</u>
NET CHANGE IN FUND BALANCE	-	-	(209 726)	(209 726)
Fund balance - Beginning of year	<u>267 752</u>	<u>267 752</u>	<u>267 752</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 267 752</u>	<u>\$ 267 752</u>	<u>\$ 58 026</u>	<u>\$ (209 726)</u>

See independent auditor's report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 4
For the Year Ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 206 353	\$ 206 353	\$ 208 266	\$ 1 913
Grants and donations	54 120	54 120	57 770	3 650
Interest	200	200	515	315
Other revenue	-	-	6 512	6 512
TOTAL REVENUES	<u>260 673</u>	<u>260 673</u>	<u>273 063</u>	<u>12 390</u>
Expenditures:				
Road and bridge	593 300	593 300	499 187	94 113
Capital outlay	9 000	9 600	29 278	(19 678)
Debt Service:				
Principal	35 596	35 596	50 712	(15 116)
Interest	4 882	4 882	3 991	891
TOTAL EXPENDITURES	<u>642 778</u>	<u>643 378</u>	<u>583 168</u>	<u>60 210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(382 105)</u>	<u>(382 705)</u>	<u>(310 105)</u>	<u>72 600</u>
Other Financing Sources (Uses):				
Transfers in	382 105	382 705	426 129	43 424
Transfers (out)	-	-	(265 055)	(265 055)
TOTAL OTHER FINANCING SOURCES (USES)	<u>382 105</u>	<u>382 705</u>	<u>161 074</u>	<u>(221 631)</u>
NET CHANGE IN FUND BALANCE	-	-	(149 031)	(149 031)
Fund balance - Beginning of year	<u>352 871</u>	<u>352 871</u>	<u>352 871</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 352 871</u>	<u>\$ 352 871</u>	<u>\$ 203 840</u>	<u>\$ (149 031)</u>

TRINITY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAST TEN YEARS*
For the Year Ended September 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service cost	\$ 305 697	\$ 326 160	\$ 288 410	\$ 286 759	\$ 283 491	\$ 285 124	\$ 268 757	\$ 242 989	\$ 234 680
Interest on the total pension liability	894 017	880 406	856 535	823 450	795 012	764 599	723 589	700 690	649 068
Effect of plan changes	-	(91 846)	-	-	-	-	-	(18 062)	-
Effect of assumption changes or inputs	-	(101 678)	541 086	-	-	69 152	-	96 428	-
Effect of economic/demographic (gains) or losses	66 209	25 015	53 891	(59 206)	(91 941)	(166 220)	(57 030)	(150 552)	213 927
Benefit payments/refunds of contributions	(901 367)	(866 441)	(583 663)	(702 426)	(577 479)	(573 703)	(590 746)	(536 307)	(470 681)
NET CHANGE IN TOTAL PENSION LIABILITY	364 556	171 616	1 156 259	348 577	409 083	378 952	344 570	335 186	626 994
Total pension liability - Beginning	11 900 120	11 728 504	10 572 245	10 223 668	9 814 585	9 435 633	9 091 063	8 755 877	8 128 883
TOTAL PENSION LIABILITY - ENDING	12 264 676	11 900 120	11 728 504	10 572 245	10 223 668	9 814 585	9 435 633	9 091 063	8 755 877
Fiduciary Net Position:									
Employer contributions	260 361	224 017	229 721	221 481	223 604	223 182	239 138	217 163	204 818
Member contributions	218 528	188 476	191 891	181 968	172 382	168 167	163 314	152 167	140 838
Investment income net of investment expenses	(747 543)	2 457 611	1 090 292	1 533 946	(183 023)	1 259 415	613 758	111 782	553 575
Benefit payments/refunds of contributions	(901 367)	(958 287)	(583 663)	(702 426)	(577 479)	(573 703)	(590 747)	(536 307)	(470 681)
Administrative expenses	(7 115)	(7 231)	(8 396)	(8 045)	(7 501)	(6 461)	(6 672)	(6 031)	(6 294)
Other	(48 311)	(12 303)	(2 634)	(8 765)	(4 431)	(3 602)	(79 487)	(106 036)	171 667
NET CHANGE IN FIDUCIARY NET POSITION	(1 225 447)	1 892 283	917 211	1 218 159	(376 448)	1 066 998	339 304	(167 262)	593 923
Fiduciary net position - Beginning	13 366 607	11 474 324	10 557 113	9 338 954	9 715 402	8 648 404	8 309 100	8 476 362	7 882 439
FIDUCIARY NET POSITION - ENDING	12 141 160	13 366 607	11 474 324	10 557 113	9 338 954	9 715 402	8 648 404	8 309 100	8 476 362
NET PENSION LIABILITY/(ASSET), ENDING	\$ 123 516	\$ (1 466 487)	\$ 254 180	\$ 15 132	\$ 884 714	\$ 99 183	\$ 787 229	\$ 781 963	\$ 279 515
Fiduciary net position as a percentage of total pension liability	98.99%	112.32%	97.83%	99.86%	91.35%	98.99%	91.66%	91.40%	96.81%
Pensionable covered payroll	\$ 3 121 834	\$ 2 692 512	\$ 2 741 303	\$ 2 599 538	\$ 2 462 595	\$ 2 402 389	\$ 2 333 055	\$ 2 173 808	\$ 2 011 972
Net pension liability as a percentage of covered payroll	3.96%	(54.47)%	9.27%	0.58%	35.93%	4.13%	33.74%	35.97%	13.89%

*10 years data will be presented as it becomes available.

TRINITY COUNTY, TEXAS
 SCHEDULE OF PENSION CONTRIBUTIONS
 LAST TEN FISCAL YEARS*
 For the Year Ended September 30, 2023

YEAR ENDING SEPTEMBER 30,	ACTUARIALLY DETERMINE CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2014	\$ 204 818	\$ 204 818	\$ -	\$ 2 011 972	10.2%
2015	\$ 217 163	\$ 217 163	\$ -	\$ 2 173 808	10.0%
2016	\$ 239 138	\$ 239 138	\$ -	\$ 2 333 055	10.2%
2017	\$ 223 182	\$ 223 182	\$ -	\$ 2 402 389	9.3%
2018	\$ 223 604	\$ 223 604	\$ -	\$ 2 462 595	9.1%
2019	\$ 221 481	\$ 221 481	\$ -	\$ 2 599 538	8.5%
2020	\$ 229 721	\$ 229 721	\$ -	\$ 2 741 303	8.4%
2021	\$ 224 017	\$ 224 017	\$ -	\$ 2 692 512	8.3%
2022	\$ 260 361	\$ 260 361	\$ -	\$ 3 121 834	8.3%

*10 years data will be presented as it becomes available

TRINITY COUNTY, TEXAS
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS
September 30, 2023

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

Methods and Assumptions Used to Determine Contribution Rates

<i>Actuarial Cost Method</i>	Entry Age
<i>Amortization Method</i>	Level percentage of payroll, Closed
<i>Amortization Period</i>	20 years
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	2.50%
<i>Salary Increases</i>	4.6% average over career including inflation, varies by age and service
<i>Investment Rate of Return</i>	7.5%, net of investment expenses, including inflation
<i>Cost-of-Living Adjustments</i>	0.0%
<i>Retirement Age</i>	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.
<i>Mortality</i>	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected to 110% of the MP-2014 Ultimate Scale after 2014.

Other Information

No changes in plan provisions are reflected in the Schedule of Pension Contributions.

Presentation of Schedule

In accordance with GASB standards, the District reports contribution activity included in the Schedule of Pension Contributions based on the District's fiscal year end of September 30.

SUPPLEMENTARY INFORMATION

COMBINING FUND STATEMENTS

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2023

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 10 502	\$ 678 722	\$ 689 224
Receivables:			
Property taxes (net of allowance)	11 512	-	11 512
Other	-	83 005	83 005
Due from other funds	-	2	2
TOTAL ASSETS	\$ 22 014	\$ 761 729	\$ 783 743
LIABILITIES			
Accounts payable	\$ -	\$ 9 681	\$ 9 681
Accrued payroll	-	6 820	6 820
Accrued expenses	-	1 040	1 040
Due to other funds	-	53 168	53 168
TOTAL LIABILITIES	-	70 709	70 709
DEFERRED INFLOWS			
Unavailable revenues	11 512	79 167	90 679
TOTAL DEFERRED INFLOWS	11 512	79 167	90 679
FUND BALANCES			
Restricted	10 502	564 763	575 265
Assigned	-	47 090	47 090
TOTAL FUND BALANCES	10 502	611 853	622 355
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 22 014	\$ 761 729	\$ 783 743

See independent auditor's report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:			
Property taxes	\$ 11 111	\$ -	\$ 11 111
Other taxes	-	30 555	30 555
Fines and forfeitures	-	124 660	124 660
Fees, licenses and permits	-	144 537	144 537
Grants and contributions	-	505 743	505 743
Interest	16	667	683
Other revenue	-	14 084	14 084
TOTAL REVENUES	11 127	820 246	831 373
Expenditures:			
General government	-	75 182	75 182
Judicial	-	127 547	127 547
Public safety	-	79 286	79 286
Health and welfare	-	113 687	113 687
Pass-through expenditures	-	140 904	140 904
Capital outlay	-	19 500	19 500
TOTAL EXPENDITURES	-	556 106	556 106
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11 127	264 140	275 267
Other Financing Sources (Uses):			
Transfers out	(33 143)	(383 876)	(417 019)
Transfers in	-	16 123	16 123
TOTAL OTHER FINANCING SOURCES (USES)	(33 143)	(367 753)	(400 896)
NET CHANGE IN FUND BALANCES	(22 016)	(103 613)	(125 629)
Fund balance - Beginning of year	32 518	715 466	747 984
FUND BALANCE - END OF YEAR	\$ 10 502	\$ 611 853	\$ 622 355

See independent auditor's report.

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2023

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
ASSETS					
Cash and cash equivalents	\$ 88 087	\$ 16 916	\$ 56 503	\$ 4 943	\$ 235 660
Due from other funds	2	-	-	-	-
Other receivables	8 159	1 298	719	212	70 000
TOTAL ASSETS	\$ 96 248	\$ 18 214	\$ 57 222	\$ 5 155	\$ 305 660
LIABILITIES					
Accounts payable	\$ 162	\$ 1 406	\$ -	\$ -	\$ 2 275
Accrued payroll	1 553	-	-	-	3 963
Other accrued expenses	-	-	-	-	8
Due to other funds	-	-	-	-	21 355
TOTAL LIABILITIES	1 715	1 406	-	-	27 601
DEFERRED INFLOWS					
Unavailable revenues	-	-	-	-	70 000
TOTAL DEFERRED INFLOWS	-	-	-	-	70 000
FUND BALANCES					
Restricted	94 533	16 808	57 222	-	208 059
Assigned	-	-	-	5 155	-
TOTAL FUND BALANCES	94 533	16 808	57 222	5 155	208 059
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 96 248	\$ 18 214	\$ 57 222	\$ 5 155	\$ 305 660

See independent auditor's report.

JURY SERVICE FUND	COURT TECHNOLOGY FUND	SPECIAL CRIME FUNDS	LEOSE EDUCATION FUND	HOTEL/ MOTEL TAX FUND	AIRPORT FUND	COURTHOUSE PRESERVATION FUND	GRANT FUNDS
\$ 8 006	\$ 1 728	\$ 26 302	\$ 39 188	\$ 27 637	\$ 2 864	\$ 9 428	\$ 107 825
-	-	-	-	-	-	-	-
426	1 766	-	-	-	-	-	-
<u>\$ 8 432</u>	<u>\$ 3 494</u>	<u>\$ 26 302</u>	<u>\$ 39 188</u>	<u>\$ 27 637</u>	<u>\$ 2 864</u>	<u>\$ 9 428</u>	<u>\$ 107 825</u>
\$ -	\$ 181	\$ 2 227	\$ -	\$ -	\$ -	\$ -	\$ 3 430
-	-	-	-	1 304	-	-	-
-	-	-	-	-	-	-	1 032
-	-	-	-	-	-	-	31 813
-	181	2 227	-	1 304	-	-	36 275
-	-	-	-	-	-	-	9 167
-	-	-	-	-	-	-	9 167
-	3 313	-	39 188	26 333	2 864	-	62 383
8 432	-	24 075	-	-	-	9 428	-
<u>8 432</u>	<u>3 313</u>	<u>24 075</u>	<u>39 188</u>	<u>26 333</u>	<u>2 864</u>	<u>9 428</u>	<u>62 383</u>
<u>\$ 8 432</u>	<u>\$ 3 494</u>	<u>\$ 26 302</u>	<u>\$ 39 188</u>	<u>\$ 27 637</u>	<u>\$ 2 864</u>	<u>\$ 9 428</u>	<u>\$ 107 825</u>

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2023

	CHILD SAFETY FUND	OPIOD ABATEMENT FUND	LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND	SCHOOL FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS					
Cash and cash equivalent	\$ 20 433	\$ 33 202	\$ -	\$ -	\$ 678 722
Due from other funds	-	-	-	-	2
Other receivables	425	-	-	-	83 005
TOTAL ASSETS	\$ 20 858	\$ 33 202	\$ -	\$ -	\$ 761 729
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9 681
Accrued payroll	-	-	-	-	6 820
Other accrued expenses	-	-	-	-	1 040
Due to other funds	-	-	-	-	53 168
TOTAL LIABILITIES	-	-	-	-	70 709
DEFERRED INFLOWS					
Unavailable revenues	-	-	-	-	79 167
TOTAL DEFERRED INFLOWS	-	-	-	-	79 167
FUND BALANCES					
Restricted	20 858	33 202	-	-	564 763
Assigned	-	-	-	-	47 090
TOTAL FUND BALANCES	20 858	33 202	-	-	611 853
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 20 858	\$ 33 202	\$ -	\$ -	\$ 761 729

See independent auditor's report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2023

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 124 660
Fees, licenses, and permits	100 378	9 813	10 099	-	-
Other taxes	-	-	-	-	-
Grants and contributions	-	-	-	-	-
Interest	211	17	48	4	262
Other revenue	-	-	-	2 672	4 887
TOTAL REVENUES	<u>100 589</u>	<u>9 830</u>	<u>10 147</u>	<u>2 676</u>	<u>129 809</u>
Expenditures:					
General government	68 378	-	-	-	-
Judicial	-	12 776	-	-	80 381
Public safety	-	-	-	-	73 148
Health and welfare	-	-	-	-	-
Pass-through expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>68 378</u>	<u>12 776</u>	<u>-</u>	<u>-</u>	<u>153 529</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>32 211</u>	<u>(2 946)</u>	<u>10 147</u>	<u>2 676</u>	<u>(23 720)</u>
Other Financing Sources (Uses):					
Transfers out	(200 000)	-	-	-	-
Transfers in	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200 000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(167 789)	(2 946)	10 147	2 676	(23 720)
Fund balance - Beginning of year	<u>262 322</u>	<u>19 754</u>	<u>47 075</u>	<u>2 479</u>	<u>231 779</u>
FUND BALANCE - END OF YEAR	<u>\$ 94 533</u>	<u>\$ 16 808</u>	<u>\$ 57 222</u>	<u>\$ 5 155</u>	<u>\$ 208 059</u>

See independent auditor's report.

JURY SERVICE FUND	COURT TECHNOLOGY FUND	SPECIAL CRIME FUNDS	LEOSE EDUCATION FUND	HOTEL/ MOTEL TAX FUND	AIRPORT FUND	COURTHOUSE PRESERVATION FUND	GRANT FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 059	2 798	-	-	-	-	-	-
-	-	-	-	30 555	-	-	-
-	-	-	3 102	-	-	-	59 180
7	1	22	38	22	2	30	3
-	-	-	-	-	-	-	6 525
<u>1 066</u>	<u>2 799</u>	<u>22</u>	<u>3 140</u>	<u>30 577</u>	<u>2</u>	<u>30</u>	<u>65 708</u>
-	-	-	-	-	-	-	6 804
-	923	-	-	-	-	-	33 467
-	-	200	5 938	-	-	-	-
-	-	-	-	24 708	-	-	3 500
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	19 500
<u>-</u>	<u>923</u>	<u>200</u>	<u>5 938</u>	<u>24 708</u>	<u>-</u>	<u>-</u>	<u>63 271</u>
<u>1 066</u>	<u>1 876</u>	<u>(178)</u>	<u>(2 798)</u>	<u>5 869</u>	<u>2</u>	<u>30</u>	<u>2 437</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16 123</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16 123</u>
1 066	1 876	(178)	(2 798)	5 869	2	30	18 560
<u>7 366</u>	<u>1 437</u>	<u>24 253</u>	<u>41 986</u>	<u>20 464</u>	<u>2 862</u>	<u>9 398</u>	<u>43 823</u>
<u>\$ 8 432</u>	<u>\$ 3 313</u>	<u>\$ 24 075</u>	<u>\$ 39 188</u>	<u>\$ 26 333</u>	<u>\$ 2 864</u>	<u>\$ 9 428</u>	<u>\$ 62 383</u>

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2023

	CHILD SAFETY FUND	OPIOD ABATEMENT FUND	LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND	SCHOOL FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 124 660
Fees, licenses, and permits	20 390	-	-	-	144 537
Other taxes	-	-	-	-	30 555
Grants and contributions	-	33 202	269 355	140 904	505 743
Interest	-	-	-	-	667
Other revenue	-	-	-	-	14 084
TOTAL REVENUES	<u>20 390</u>	<u>33 202</u>	<u>269 355</u>	<u>140 904</u>	<u>820 246</u>
Expenditures:					
General government	-	-	-	-	75 182
Judicial	-	-	-	-	127 547
Public safety	-	-	-	-	79 286
Health and welfare	-	-	85 479	-	113 687
Pass-through expenditures	-	-	-	140 904	140 904
Capital outlay	-	-	-	-	19 500
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>85 479</u>	<u>140 904</u>	<u>556 106</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>20 390</u>	<u>33 202</u>	<u>183 876</u>	<u>-</u>	<u>264 140</u>
Other Financing Sources (Uses):					
Transfers out	-	-	(183 876)	-	(383 876)
Transfers in	-	-	-	-	16 123
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(183 876)</u>	<u>-</u>	<u>(367 753)</u>
NET CHANGE IN FUND BALANCES	20 390	33 202	-	-	(103 613)
Fund balance - Beginning of year	<u>468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>715 466</u>
FUND BALANCE - END OF YEAR	<u>\$ 20 858</u>	<u>\$ 33 202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611 853</u>

See independent auditor's report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITIONS
 September 30, 2023

	<u>GENERAL ESCROW FUND</u>	<u>COUNTY TAX ASSESSOR COLLECTOR FUND</u>	<u>COUNTY AGENCY FUND</u>	<u>DISTRICT CLERK TRUST FUND</u>
ASSETS				
Restricted cash	\$ <u>125 910</u>	\$ <u>87 456</u>	\$ <u>45 237</u>	\$ <u>327 815</u>
TOTAL ASSETS	<u>125 910</u>	<u>87 456</u>	<u>45 237</u>	<u>327 815</u>
 LIABILITIES				
Accounts payable	-	-	-	-
Accrued expenses	-	87 456	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>87 456</u>	<u>-</u>	<u>-</u>
 NET POSITION	 \$ <u>125 910</u>	 \$ <u>-</u>	 \$ <u>45 237</u>	 \$ <u>327 815</u>

See independent auditor's report.

UNCLAIMED MONEY FUND	DISTRICT ATTORNEY HOT CHECK FUND	RESTITUTION FUND	COMBINED FIDUCIARY FUNDS
\$ <u>4 917</u>	\$ <u>742</u>	\$ <u>4 240</u>	\$ <u>596 317</u>
<u>4 917</u>	<u>742</u>	<u>4 240</u>	<u>596 317</u>
905	-	-	905
-	-	-	87 456
<u>3 255</u>	<u>-</u>	<u>3 321</u>	<u>6 576</u>
<u>4 160</u>	<u>-</u>	<u>3 321</u>	<u>94 937</u>
\$ <u>757</u>	\$ <u>742</u>	\$ <u>919</u>	\$ <u>501 380</u>

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGE IN NET POSITION OF FIDUCIARY FUNDS
 September 30, 2023

	<u>GENERAL ESCROW FUND</u>	<u>COUNTY TAX ASSESSOR COLLECTOR FUND</u>	<u>COUNTY AGENCY FUND</u>	<u>DISTRICT CLERK TRUST FUND</u>
Additions:				
Fees	\$ 28 567	\$ 973 240	\$ 461 888	\$ 3 309 113
Interest income	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ADDITIONS	<u>28 696</u>	<u>973 240</u>	<u>461 888</u>	<u>3 309 113</u>
Disbursements:				
Payment to others	<u>73 600</u>	<u>987 444</u>	<u>416 651</u>	<u>3 218 104</u>
TOTAL DISBURSEMENTS	<u>73 600</u>	<u>987 444</u>	<u>416 651</u>	<u>3 218 104</u>
CHANGE IN NET POSITION	(44 904)	(14 204)	45 237	91 009
Beginning net position	<u>170 814</u>	<u>14 204</u>	<u>-</u>	<u>236 806</u>
ENDING NET POSITION	<u>\$ 125 910</u>	<u>\$ -</u>	<u>\$ 45 237</u>	<u>\$ 327 815</u>

See independent auditor's report.

UNCLAIMED MONEY FUND	DISTRICT ATTORNEY HOT CHECK FUND	RESTITUTION FUND	COMBINED FIDUCIARY FUNDS
\$ 1 768	\$ -	\$ 455	\$ 4 775 031
<u>-</u>	<u>1</u>	<u>-</u>	<u>130</u>
<u>1 768</u>	<u>1</u>	<u>455</u>	<u>4 775 161</u>
<u>-</u>	<u>-</u>	<u>335</u>	<u>4 696 134</u>
<u>-</u>	<u>-</u>	<u>335</u>	<u>4 696 134</u>
1 768	1	120	79 027
<u>(1 011)</u>	<u>741</u>	<u>799</u>	<u>422 353</u>
\$ <u>757</u>	\$ <u>742</u>	\$ <u>919</u>	\$ <u>501 380</u>

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable County Judge and
Members of the Commissioners' Court
Trinity County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas (the "County") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Trinity County, Texas' basic financial statements and have issued our report thereon dated June 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings (findings 2023-001 to 2023-002) that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Trinity County, Texas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Trinity County, Texas's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Trinity County, Texas's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
June 25, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Honorable Commissioners'
Court of Trinity County
Groveton, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Trinity County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Trinity County's major federal programs for the year ended September 30, 2023. Trinity County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Trinity County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Trinity County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Trinity County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lufkin, Texas
June 25, 2024


CERTIFIED PUBLIC ACCOUNTANTS



TRINITY COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2023

A. Summary of the Auditor's Results:

1. Financial Statements

Type of report issued: Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency(s) not considered material weaknesses? Yes None reported
 Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:
 Material control over major programs:
 Material weakness(es) identified? Yes No
 Significant deficiency(s) identified that are not considered to be material weaknesses? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? Yes No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
21 027	Coronavirus State and Local Recovery Funds

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

Auditee qualified as low-risk auditee? Yes No

B. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Finding 2023-01:

Condition - In testing of cash receipts, we noted cash receipts that were not deposited timely.

Cause - Some departments do not timely deposit receipts.

Effect - Undeposited funds were vulnerable to theft or misappropriation.

Recommendation - The County should establish a policy on deposit frequency.

View of Responsible Officials and Corrective Action Plan - The County follows Texas Local Government Code 113.022 regarding deadlines for deposits, which is on or before the next regular business day after the date on which money is received. If deadline cannot be met, the officer or person must deposit on or before the fifth working day.

During cash counts and monthly report reviews, the Auditor's office sends a written notice to the office that is not in compliance of this code. The Auditor provides this information in the quarterly report to the Commissioners' Court in accordance with Local Government Code Chapters 112, 113, and 115. Action to be taken by Commissioners' Court to address the issue with the Official that is not in compliance with the law.

Finding 2023-02:

Condition - Cybersecurity is informal with physical risk and possible intrusion risk associated with the system.

Cause - The County does not have formal cybersecurity policies and with a decentralized information system access is not adequately restricted or tested for vulnerability.

Effect - County data is vulnerable.

Recommendation - Formalize procedures, consider phish testing and intrusion testing for decentralized systems.

View of Responsible Officials and Corrective Action Plan - Trinity County Officials and employees receive annual cybersecurity training through the Texas Department of Information Resources as required under Texas Government Code Section 2054-5191 and 2054-5192.

Remote network monitoring of county computer systems has been added with an outsourced IT services group. Monitoring 24/7 now provides protection and early response to phishing and cyberattack attempts. In August 2022, Texas Association of Counties email services transitioned to Microsoft Office 365 which provides greater security and quarantines messages identified as spam or phishing attempts, which are reviewed and reported. Multifactor authentication steps for all email accounts have been added which strengthens the security of individual's email and overall cybersecurity of the county's network.

In October 2022, the County hired an IT Support Technician to provide on-site technical assistance and to identify areas for improvement and putting safeguards in place to avoid loss of critical data.

Major revisions to Trinity County's computer and internet policy regarding cybersecurity and overall usage and protection of computer network systems was implemented in April 2022.

C. Federal Award Findings and Questioned Costs

None

TRINITY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	(2) FEDERAL ALN NUMBER	(4) FEDERAL EXPENDITURES
U.S. Department of Agriculture:		
Schools and Roads - Grants to Counties	10.666	\$ 281 807
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>281 807</u>
Department of the Interior:		
Payments in Lieu of Taxes	15.226	38 710
National Forest Acquired Lands	15.438	140 903
TOTAL DEPARTMENT OF THE INTERIOR		<u>179 613</u>
Federal Emergency Management Agency:		
Coronavirus Relief Fund	97.036	4 776
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY		<u>4 776</u>
Department of the Treasury:		
Coronavirus State and Local Fiscal Recovery Funds	21.027	911 098
Local Assistance and Tribal Consistency Fund	21.032	109 839
TOTAL DEPARTMENT OF THE TREASURY		<u>1 020 937</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1 487 133</u>

The accompanying notes are an integral part of this schedule.

TRINITY COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

1. General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Trinity County and is presented on the modified accrual basis of accounting. The information in this schedule is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in the preparation of, the general purpose financial statements. Special revenue funds are used to account for resources restricted to, or designed for, specific purposes by a grantor. Generally, unused balances are returned to the grantor at the close of the specific project period.

2. Basis of Accounting

The accounting and financial reporting treatment applied to Special Revenue funds is the current financial resource measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the liability is incurred, except for unmatured interest on long-term debt, which is recognized when matured, and certain compensated absences, pension liability, other post-employment benefits, and claims, which are recognized when the obligations are expected to be liquidated with expendable available resources. Grant funds are considered to be earned as soon as all eligibility requirements imposed by the provider are met and expenditures have been incurred, and, accordingly, when such funds are received in advance, they are recorded as deferred revenue until earned.

3. Availability of Funds

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the project period extended 30 days beyond the project period ending date.

4. Indirect Cost

The County did not use an indirect cost.

TRINITY COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended September 30, 2023

2023-001

Condition. In testing of cash receipts, we noted cash receipts that were not deposited timely.

Cause. Some departments do not timely deposit receipts.

Effect. Undeposited funds were vulnerable to theft or misappropriation.

Recommendation. The County should establish a policy on deposit frequency.

View of Responsible Officials and Corrective Action Plan. The County follows Texas Local Government Code 113.022 regarding deadlines for deposits, which is on or before the next regular business day after the date on which money is received. If deadline cannot be met, the officer or person must deposit on or before the fifth working day.

During cash counts and monthly report reviews, the Auditor's office sends a written notice to the office that is not in compliance of this code. The Auditor provides this information in the quarterly report to the Commissioners' Court in accordance with Local Government Code Chapters 112, 113, and 115. Action to be taken by Commissioners' Court to address the issue with the Official that is not in compliance with the law.

2023-002

Condition. Cybersecurity is informal with physical risk and possible intrusion risk associated with the system.

Cause. The County does not have formal cybersecurity policies and with a decentralized information system access is not adequately restricted or tested for vulnerability.

Effect. County data is vulnerable.

Recommendation. Formalize procedures, consider phish testing, intrusion testing and access controls for decentralized systems.

View of Responsible Officials and Corrective Action Plan. Trinity County Officials and employees receive annual cybersecurity training through the Texas Department of Information Resources as required under Texas Government Code Section 2054-5191 and 2054-5192.

Remote network monitoring of county computer systems has been added with an outsourced IT services group. Monitoring 24/7 now provides protection and early response to phishing and cyberattack attempts. In August 2022, Texas Association of Counties email services transitioned to Microsoft Office 365 which provides greater security and quarantines messages identified as spam or phishing attempts, which are reviewed and reported. Multifactor authentication steps for all email accounts have been added which strengthens the security of individual's email and overall cybersecurity of the county's network.

In October 2022, the County hired an IT Support Technician to provide on-site technical assistance and to identify areas for improvement and putting safeguards in place to avoid loss of critical data.

Major revisions to Trinity County's computer and internet policy regarding cybersecurity and overall usage and protection of computer network systems was implemented in April 2022.

TRINITY COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2023

2022-001

Condition. In testing of cash receipts, we noted cash receipts that were not deposited timely.

Status. Ongoing

2022-002

Condition. Cybersecurity is informal with physical and intrusion risk with decentralized systems.

Status. Ongoing

2022-003

Condition. Bank reconciliations not done timely.

Status. Cleared

2022-004

Condition. Possible conflict of interest.

Status. Cleared

2022-005

Condition. Lack of guidance of disbursement of funds.

Status. Cleared