

Financial Statements
September 30, 2024
Coleman County, Texas

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Independent Auditor's Report

The Honorable Judge and Members of the Commissioners Court
Coleman County, Texas
Coleman, Texas

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coleman County, Texas (the County) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of governmental activities of Coleman County, Texas, as of September 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of Coleman County, Texas, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to Qualified Opinion on Governmental Activities

Management has not developed a methodology to capitalize infrastructure assets, including roads and bridges, and record annual depreciation expense in a systematic manner over each asset's useful life. Accounting principles generally accepted in the United States of America require that the remaining net book value of the infrastructure assets be recognized on the statement of net position, which would increase assets and net investment in capital assets and increase expenses of governmental activities. The amount by which this departure would affect the assets, net investment in capital assets, and expenses of governmental activities has not been determined.

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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule – General Fund, budgetary comparison schedule – Road and Bridge Fund information together with the schedule of changes in net pension liability and related ratios – Texas County and District Retirement System, and the schedule of employer contributions – Texas County and District Retirement System on pages 5-13 and 48-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 GAAS. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Eide Bailly LLP

Abilene, Texas
February 20, 2026

As management of Coleman 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, 2024.

DISCUSSION OF THE FINANCIAL STATEMENTS AND PERFORMANCE

This management discussion and analysis (MD&A) of Coleman County (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2024. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. The MD&A includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

Government-Wide Statements

The government-wide financial position increased in fiscal year ended September 30, 2024. The fiscal year 2024 net position was \$9,383,307 compared to the fiscal 2023 net position of \$8,419,337. The net increase was \$963,970.

Governmental Funds Financial Statements

The County's governmental funds reported combined fund balances of \$6,824,094 compared to the balance of \$6,546,205 of prior year.

At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$4,319,335 or 94% of general fund expenditures (excluding other financing sources).

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A 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
3. Notes to the financial statements

This report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of Coleman County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (Page 14) presents information on all of Coleman County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between assets/DOR and liabilities/DIR reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether Coleman County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors.

The Statement of Activities (Page 15) presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Net position – the difference between the County's assets/DOR and liabilities/DIR – is one way to measure the County's financial health or position.

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

The government-wide financial statements are designed to report functions of Coleman County that are principally supported by taxes and intergovernmental revenues (governmental activities). Governmental activities include general government, judicial, financial administration, law enforcement, elections, road and bridge, and health and welfare services. These activities are financed primarily by property taxes and grants. The County does not have any business-type activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about Coleman County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. Coleman County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes.

The County has two types of funds:

- Governmental funds—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on Pages 16 and 18 of the basic financial statements section.
- The County maintains twenty-seven individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, road and bridge fund, and debt service fund, all of which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

- The County adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided in the Required Supplementary section to demonstrate compliance with this budget.
- Fiduciary funds – The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Fund Net Position. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Coleman County's combined net position was approximately \$9.4 million at September 30, 2024. A large portion of the County's net position (13%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net position (38%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.

	Governmental Activities	
	September 30, 2024	September 30, 2023
Current and Other Assets	\$ 8,700,635	\$ 7,690,338
Capital Assets	9,032,394	8,722,104
Total assets	17,733,029	16,412,442
Deferred Outflows of Resources	117,137	246,136
Current Liabilities	1,244,769	752,144
Long Term Liabilities	7,203,536	7,403,768
Total liabilities	8,448,305	8,155,912
Deferred Inflows of Resources	18,554	83,329
Net Position		
Net Investment in Capital Assets	1,217,818	922,177
Restricted	3,591,227	3,178,697
Unrestricted	4,574,262	4,318,463
Total net position	\$ 9,383,307	\$ 8,419,337

Changes in Net Position

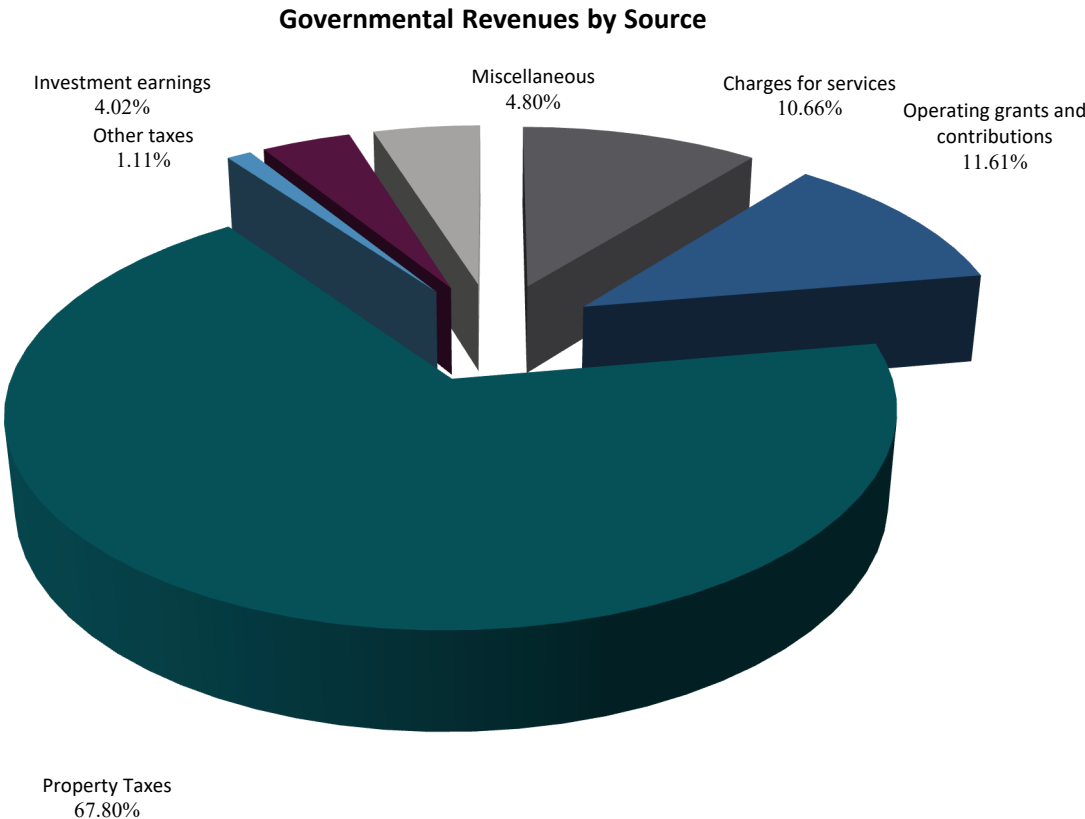
Coleman County's net position increased by \$963,970 during the current fiscal year.

	Governmental Activities	
	September 30, 2024	September 30, 2023
Revenues		
Program revenues		
Charges for services	\$ 769,322	\$ 784,941
Operating grants and contributions	837,950	465,094
General revenues		
Property taxes	4,892,870	4,771,659
Other taxes	79,969	85,735
Investment earnings	289,965	204,880
Miscellaneous revenue	346,648	323,434
Total revenues	<u>7,216,724</u>	<u>6,635,743</u>
Expenses		
General government	562,774	463,187
Judicial	921,517	885,425
Elections	21,144	55,679
Financial administration	658,521	530,988
Law enforcement	2,208,009	2,012,980
Road and bridge	1,456,724	1,534,534
Health care	179,741	187,819
Interest on long-term debt	244,324	158,611
Total expenses	<u>6,252,754</u>	<u>5,829,223</u>
Change in net position	963,970	806,520
Beginning net position	8,419,337	7,612,817
Ending net position	<u>\$ 9,383,307</u>	<u>\$ 8,419,337</u>

Governmental Activities

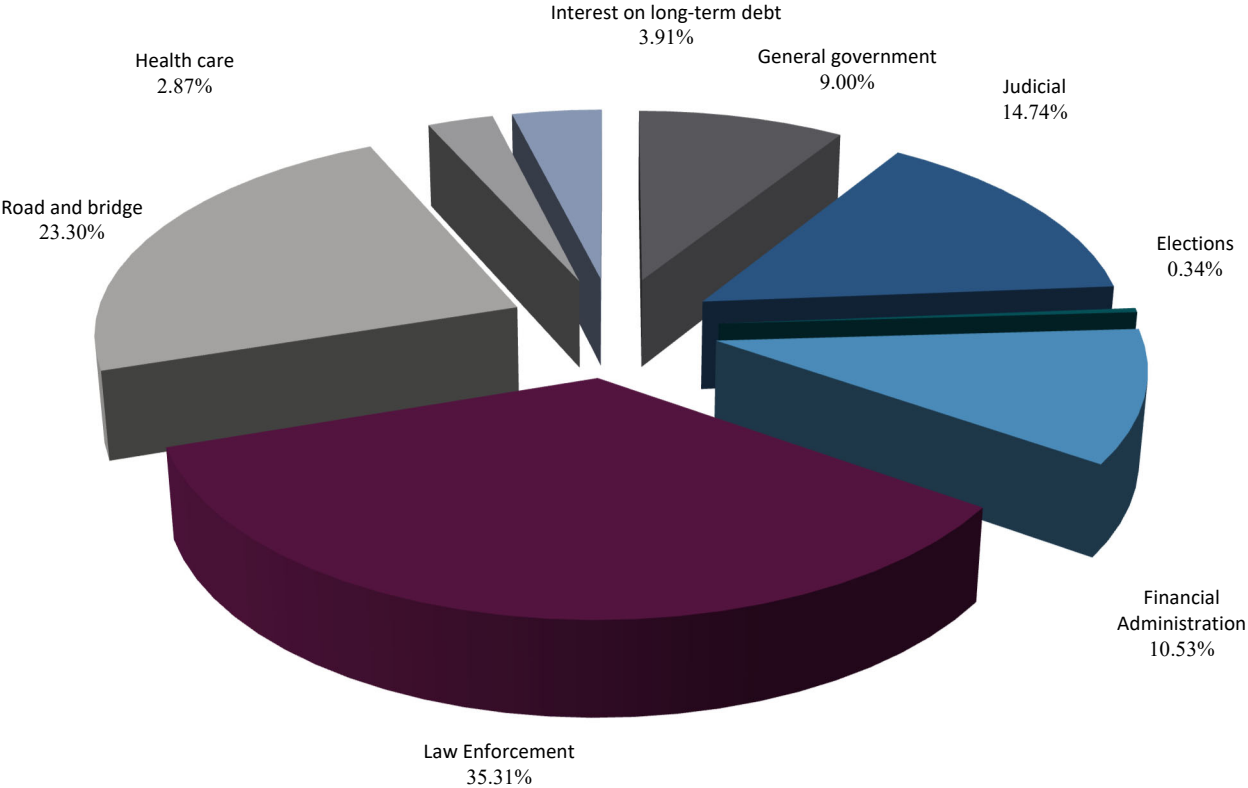
Total revenues for the fiscal year ending September 30, 2024 were \$7.2 million. Approximately 69% of the County's revenue comes from taxes, with approximately 68% from property taxes alone. Property tax revenue as a percentage of total revenue was comparable to the prior year.

Expenditures increased by \$424 thousand from the prior year due to overall rising costs.



The total cost for all programs and services totaled \$6.3 million for the year ended September 30, 2024. Of this amount, the largest operating services areas were law enforcement which totaled \$2.2 million or 35% of total expenses for the year, and road and bridge which totaled \$1.5 million, or 23% of total expenses for the year. In the prior year, these two operating areas comprised 61% of total expenses. Costs related to general government (9%) and judicial (15%) continued to absorb a significant percentage of the County's total expenses for the current year.

Governmental Functional Expenses



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the fiscal year, Coleman County's governmental funds reported a combined fund balance of \$6.8 million, an increase of \$277,889 or 4.2% in comparison with the prior year. Approximately 62% of this total amount (\$4.3 million) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned, to indicate that it is not available for new spending because it has already been spent, restricted, committed or assigned to special purposes by virtue of special revenue funds (\$2.5 million).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$4.3 million. Approximately \$4.3 million is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 94% of total General Fund expenditures. Coleman County's General Fund balance increased by \$131 thousand during the current fiscal year.

The Road and Bridge Fund had a fund balance of \$1.1 million at the end of the year, which is an increase of \$91 thousand in fund balance from prior year fund balance of \$1.0 million.

The Debt Service Fund had a fund balance of \$1.1 million at the end of the year, which is an increase of \$43 thousand in fund balance from prior year fund balance of \$1.0 million.

Fund Budgetary Highlights

Over the course of the year, the County's General Fund budget was revised. Actual expenditures were \$381,387 below final budgeted amounts. Positive variances from budgeted expenditures resulted from cost savings in all functional expenditures with the exception of capital outlay. Revenues were \$23,863 greater than the final budgeted amount.

Over the course of the year, the County's Road and Bridge Fund budget was revised. Actual expenditures were \$512,605 above final budgeted amounts. Negative variances from budgeted expenditures resulted from failure to budget for capital outlay expenditures related to financed purchases. Revenues were \$21,807 less than the final budgeted amount. The revenue deficit was primarily due to property taxes less than budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the County had invested \$9.0 million in a broad range of capital assets, including land, buildings, and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$310 thousand, or 3.6% from last year.

Major events affecting capital assets during the year were:

- Purchased heavy equipment additions

More detailed information about the County's capital assets can be found in Note 6 of this report.

	Governmental Activities		Percent Change
	2024	2023	
Land	\$ 56,105	\$ 56,105	0.00%
Buildings and improvements	8,611,338	8,611,338	0.00%
Vehicles and heavy equipment	3,752,404	2,994,581	25.31%
Furniture and equipment	410,085	410,085	0.00%
Total	12,829,932	12,072,109	6.28%
Total accumulated depreciation	(3,797,538)	(3,350,005)	13.36%
Net Capital Assets	\$ 9,032,394	\$ 8,722,104	3.56%

Long-Term Debt

At the end of the year, the County had \$7.8 million of long-term obligations.

	Governmental Activities		Percent Change
	2024	2023	
Certificates of obligation	\$ 7,145,000	\$ 7,440,000	-4%
Financed purchases	669,576	359,927	86%
Total	\$ 7,814,576	\$ 7,799,927	0%

During the year, Coleman County's long-term obligations increased by \$15 thousand.

The State limits the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation is approximately \$152 million, which is significantly higher than the County's outstanding general obligation debt.

More detailed information about the County's long-term liabilities can be found in Note 8 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many economic indicators were taken into account when adopting the General Fund budget for fiscal year 2024-25. The County will use its revenues to finance programs it currently offers. Budgeted expenditures are expected to remain stable in 2024-25. The County received additional grant funding through the Rural Law Enforcement Grant and Lonestar Grant for fiscal year 2024-25 which will fund additional law enforcement expenditures.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, separate report of the County's component unit, or need any additional financial information, contact the County Treasurer at 100 West Live Oak Street, Coleman, Texas 76834.

Coleman County, Texas
Statement of Net Position (Exhibit A-1)
September 30, 2024

	Primary Government Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,747,489
Investments	5,599,385
Receivables (net of allowance for uncollectibles)	
Property taxes	199,613
Fines and fees	39,794
Other	61,794
Net pension asset	1,052,560
Capital assets	
Land	56,105
Buildings and improvements, net	7,105,478
Vehicles and heavy equipment, net	1,696,578
Furniture and fixtures, net	174,233
Total assets	17,733,029
Deferred outflows of resources	
Deferred outflows - pension	117,137
Total deferred outflows	117,137
Liabilities	
Accounts payable and other current liabilities	62,912
Payroll liabilities	79,986
Accrued interest payable	27,473
Unearned revenue	382,371
Other liabilities	80,987
Noncurrent liabilities	
Due within one year	611,040
Due in more than one year	7,203,536
Total liabilities	8,448,305
Deferred inflows of resources	
Deferred inflows - pension	18,554
Total deferred inflows	18,554
Net Position	
Net investment in capital assets	1,217,818
Restricted for	
Road and bridge	1,187,066
Enabling legislation	315,800
Retirement of debt	1,035,801
Pension	1,052,560
Unrestricted	4,574,262
Total net position	\$ 9,383,307

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental activities			
General government	\$ 562,774	\$ 16,744	\$ -
Judicial	921,517	247,411	225,439
Elections	21,144	1,287	-
Financial administration	658,521	-	-
Law enforcement	2,208,009	43,081	554,408
Road and bridge	1,456,724	460,799	-
Health and welfare	179,741	-	58,103
Interest and fees on long-term debt	244,324	-	-
Total governmental activities	<u>6,252,754</u>	<u>769,322</u>	<u>837,950</u>
Total primary government	<u>\$ 6,252,754</u>	<u>\$ 769,322</u>	<u>\$ 837,950</u>

Coleman County, Texas
Statement of Activities (Exhibit A-2)
Year Ended September 30, 2024

	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position Primary Government
			Governmental Activities
	\$	-	\$ (546,030)
		-	(448,667)
		-	(19,857)
		-	(658,521)
		-	(1,610,520)
		-	(995,925)
		-	(121,638)
		-	(244,324)
		-	(4,645,482)
	\$	-	(4,645,482)
General revenues			
Property taxes, levied for general purposes			4,324,196
Property taxes, levied for debt purposes			568,674
Other taxes			79,969
Investment earnings			289,965
Miscellaneous income			346,648
			5,609,452
Total general revenues			5,609,452
Change in net position			963,970
Net position at beginning of year			8,419,337
Net position at end of year			\$ 9,383,307

	General Fund	Road and Bridge Fund	Debt Service Fund
Assets			
Cash and cash equivalents	\$ 787,847	\$ -	959,642
Investments	5,521,058	78,327	-
Receivables (net of allowances for uncollectibles)			
Property taxes	130,067	53,709	15,837
Fines and fees	39,794	-	-
Other	29,560	28,947	-
Due from other funds	-	1,068,162	87,795
Total assets	\$ 6,508,326	\$ 1,229,145	\$ 1,063,274
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable and other current liabilities	\$ 43,238	\$ 19,674	\$ -
Payroll liabilities	57,581	22,405	-
Unearned revenue	382,371	-	-
Due to other governments	65,276	-	-
Due to other funds	1,484,181	-	-
Total liabilities	2,032,647	42,079	-
Deferred inflows of resources			
Unavailable revenue - property tax	116,550	48,159	13,222
Unavailable revenue - fines and fees	39,794	-	-
Total deferred inflows of resources	156,344	48,159	13,222
Fund balances			
Restricted for			
Road and bridge	-	1,138,907	-
Enabling legislation	-	-	-
Retirement of debt	-	-	1,050,052
Unassigned	4,319,335	-	-
Total fund balances	4,319,335	1,138,907	1,050,052
Total liabilities, deferred inflows of resources and fund balances	\$ 6,508,326	\$ 1,229,145	\$ 1,063,274

See Notes to Financial Statements

Coleman County, Texas
 Balance Sheet – Governmental Funds (Exhibit A-3)
 September 30, 2024

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,747,489
-	5,599,385
-	199,613
-	39,794
3,287	61,794
328,224	1,484,181
\$ 331,511	\$ 9,132,256

\$ -	\$ 62,912
-	79,986
-	382,371
15,711	80,987
-	1,484,181
15,711	2,090,437

-	177,931
-	39,794
-	217,725

-	1,138,907
315,800	315,800
-	1,050,052
-	4,319,335
315,800	6,824,094
\$ 331,511	\$ 9,132,256

Total Fund Balance - Governmental Funds		\$ 6,824,094
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.</p>		
Governmental capital assets	12,829,932	
Accumulated depreciation	<u>(3,797,538)</u>	9,032,394
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Similarly, the net pension asset is not reported in the funds.</p>		
General obligation bonds	(7,145,000)	
Financed purchases	(669,576)	
Net pension asset	<u>1,052,560</u>	(6,762,016)
<p>Interest payable on long-term debt does not require financial resources; therefore interest payable is not reported as a liability in the governmental funds balance sheet.</p>		
		(27,473)
<p>Included in the items related to long-term liabilities is the recognition of the County's deferred outflow of resources, and deferred inflow of resources relating to its pension liability.</p>		
Deferred inflow of resources - pension	(18,554)	
Deferred outflow of resources - pension	<u>117,137</u>	98,583
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.</p>		
Unavailable revenue - office fees receivable	39,794	
Unavailable revenue - property taxes	<u>177,931</u>	<u>217,725</u>
Net Position of Governmental Activities - Statement of Net Position		<u>\$ 9,383,307</u>

	General Fund	Road and Bridge Fund	Debt Service Fund
Revenues			
Taxes			
Property	\$ 2,985,707	\$ 1,290,512	\$ 568,242
Other	79,969		
Penalties and interest	86,152	6,369	-
Intergovernmental and grants	837,950	-	-
Fines and fees	248,048	467,763	-
Investment earnings	285,921	4,044	-
Miscellaneous	184,635	64,757	-
Total revenues	<u>4,708,382</u>	<u>1,833,445</u>	<u>568,242</u>
Expenditures			
Current			
General government	516,809	-	-
Judicial	996,738	-	-
Financial administration	690,387	-	-
Law enforcement	2,102,357	-	-
Elections	21,263	-	-
Road and bridge	-	1,348,925	-
Health and welfare	179,567	-	-
Debt service			
Principal	-	101,159	295,000
Interest	-	15,345	230,086
Capital outlay			
Capital outlay	70,051	687,772	-
Total expenditures	<u>4,577,172</u>	<u>2,153,201</u>	<u>525,086</u>
Excess (deficiency) of revenues over (under) expenditures	131,210	(319,756)	43,156
Other financing sources (uses)			
Proceeds from debt issuance	-	410,808	-
Total other financing sources (uses)	<u>-</u>	<u>410,808</u>	<u>-</u>
Net change in fund balance	131,210	91,052	43,156
Fund balances at beginning of year	<u>4,188,125</u>	<u>1,047,855</u>	<u>1,006,896</u>
Fund balance at end of year	<u>\$ 4,319,335</u>	<u>\$ 1,138,907</u>	<u>\$ 1,050,052</u>

See Notes to Financial Statements

Coleman County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5)

Year Ended September 30, 2024

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,844,461
-	79,969
-	92,521
-	837,950
65,138	780,949
-	289,965
<u>4,735</u>	<u>254,127</u>
<u>69,873</u>	<u>7,179,942</u>
55,388	572,197
-	996,738
-	690,387
1,840	2,104,197
-	21,263
-	1,348,925
174	179,741
-	396,159
-	245,431
-	<u>757,823</u>
<u>57,402</u>	<u>7,312,861</u>
12,471	(132,919)
-	<u>410,808</u>
-	<u>410,808</u>
12,471	277,889
<u>303,329</u>	<u>6,546,205</u>
<u>\$ 315,800</u>	<u>\$ 6,824,094</u>

Coleman County, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6)
Year Ended September 30, 2024

Net Change in Fund Balances - Total Governmental Funds		\$ 277,889
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.</p>		
Capital outlay	757,823	
Principal payments on long-term debt	<u>396,159</u>	1,153,982
<p>Depreciation and amortization is not recognized as expenditures in governmental funds since neither require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.</p>		
		(447,533)
<p>Proceeds from financed purchases are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements.</p>		
		(410,808)
<p>Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's share of pension expense must be recognized.</p>		
Change in contributions made after measurement date	13,828	
Pension income	<u>338,723</u>	352,551
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.</p>		
Decrease in unavailable office fines and fees	(11,627)	
Increase in unavailable tax revenues	48,409	
Decrease in accrued interest	<u>1,107</u>	<u>37,889</u>
Change in Net Position of Governmental Activities - Statement of Activities		<u>\$ 963,970</u>

Coleman County, Texas
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-7)
September 30, 2024

	<u>Custodial Funds</u>
Assets	
Cash and investments	<u>\$ 548,679</u>
Total assets	<u>548,679</u>
Liabilities	
Total liabilities	<u>-</u>
Net position	
Restricted for individuals, organizations, or other governments	<u>548,679</u>
Total net position	<u><u>\$ 548,679</u></u>

Coleman County, Texas
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-8)
Year Ended September 30, 2024

	Custodial Funds
Additions	
Vehicle registration fees	\$ 1,664,972
Licenses, fees, fines for other governments	477,303
Collections for individuals and others	197,057
Total additions	2,339,332
Deductions	
Vehicle registration payments made to state	1,670,645
Other disbursements	1,584,917
Total deductions	3,255,562
Change in net position	(916,230)
Net position, beginning of year	1,464,909
Net position, end of year	\$ 548,679

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Coleman County, Texas is a state mandated governmental unit of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general, judicial (courts, juries, etc.), financial administration, law enforcement (sheriff, jail, etc.), elections, road and bridge, and health and welfare services.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either there is ongoing financial benefit or burden or operational responsibility. A primary government might also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has operational responsibility for an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of the fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Based on these criteria, there are no component units included within the reporting entity.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Coleman County nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues.

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

Interfund activities between governmental funds appear as due to/due from on the governmental fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from custodial funds on the government-wide Statement of Net Position.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

The government-wide financial statements use 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in fund balance (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as a deferred inflow and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. The amount of taxes collected in the period 60 days subsequent to year end are recorded as current year revenue. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Fund Accounting

The County reports the following major governmental funds:

General Fund – The General Fund is the County’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Road & Bridge Fund – The Road and Bridge Fund is a special revenue fund that is used to receive and expend the property tax, farm to market taxes, and lateral road monies that are used for precinct road operations.

Debt Service Fund – These funds are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt resulting from the construction of the law enforcement center.

Additionally, the County reports the following non-major fund types:

Governmental Funds

Special Revenue Funds – The County uses these funds to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

Fiduciary Funds

Custodial Funds – The County accounts for resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

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

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of county wide appraisal districts and for the State Property Tax Board which commenced operation on January 1, 1980.

As of October 1, 1981, the appraisal of property within the County is the responsibility of Coleman County Appraisal District. The Coleman County Tax Assessor-Collector assesses and collects the County’s property taxes. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District based on 100% of its appraised value and is prohibited from applying any assessment rations. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. Beginning with the 2020 property tax year and effective for the 2021 County budget year, a county may not raise the calculated tax rate which produces “No-New Revenue” from the previous tax year by more than 3.5% or the rate must be approved by the voters. The new terminology adopted by the State of Texas related to this Truth in Taxation bill is called “No-New Revenue” and “Voter-Approval” tax rates. In previous years these rates were called “Effective Tax” and “Roll-Back” tax rates. Debt service is not a component of the calculations when considering the Voter-Approval rates as the public already approved the debt rate through a vote.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for the general fund, permanent improvement fund, road and bridge fund, and jury fund purposes.

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

The tax rate assessed for the year ended September 30, 2024, to finance maintenance and operations of the county, service debt of the County, and Road and Bridge were \$0.5060, \$.0947, and \$0.2220 respectively, for a total of \$0.8227 per \$100 valuation.

Property tax revenues are recorded as receivables and deferred revenue at the time the tax levy is billed. Revenues are recognized as the related property taxes are collected and are prorated between maintenance and debt service based on the rates adopted for the year of the levy. Allowances for uncollectible within funds are based upon historical experience in collecting property taxes.

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Vehicles and heavy equipment	5-15 years
Furniture and equipment	5-15 years

Infrastructure assets, including roads and bridges, have not been recorded in the accompanying financial statements, which is a departure from generally accepted accounting principles. The impact of this departure on the financial statements could not be determined.

Receivables and Payables Balances

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

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

Compensated Absences

The County allows permanent employees to accumulate vacation at a rate of 6.67 hours per month for employment during 3 months through 9 years employment, 10 hours per month for employment during 10 years through 19 years employment, and 13.33 hours per month for employment during 20 years or more. The maximum amount of unused vacation an employee shall be allowed to carryover at the end of the calendar year is the amount the employee would earn on one year at their current accrual rate (80 hours, 120 hours, or 160 hours).

The County allows permanent employees to accumulate sick leave at a rate of 3.08 hours per pay period. Leave time is capped at 720 hours accumulation. Over three consecutive days may require a doctor's statement. No payment for sick leave is made upon termination or resignation. Therefore, there is no liability recorded for unpaid accumulated sick leave or vacation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In fund financial statements, the face amount of debt issued is reported as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to its pension plan for changes in assumptions and the difference between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan and for unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

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

Fund Balance

The County classifies governmental fund balance in the following categories:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2024, the County had no nonspendable fund balance.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance restricted for specific programs included road and bridge, enabling legislation, and retirement of debt and totaled \$1,138,907, \$315,800, and \$1,050,052, respectively, as of September 30, 2024.

Committed fund balance is established, rescinded, and modified by a resolution from the Commissioners Court and can be used only for the specified purposes determined by the Court's resolution. The County had no committed fund balances at September 30, 2024.

Assigned fund balance is intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed. Fund balance can be assigned by the Commissioners Court or by a Court designee. The County had no assigned fund balances at September 30, 2024.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

The County uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The County aims to maintain the following minimum fund balances:

General fund: Unassigned fund balance of approximately 20-30% of budgeted expenditures for the fiscal year, to be used for unanticipated needs.

Net Position

Net position represents the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources. The County's net position is composed of the following:

Net investment in capital assets is the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvements of these capital assets.

Restricted is the component of net position that reports the difference between assets and liabilities that are subject to externally enforceable legal restrictions.

Unrestricted is the component of net position that reports the difference between the assets and liabilities that are not reported in net position invested in capital assets or restricted net position.

The County uses restricted amounts first when both restricted and unrestricted net position is available.

Note 2 - Stewardship, Compliance and Accountability

The County Judge submits an annual budget to the Commissioners Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners Court for review, budget workshops are held with the various County department officials, and public hearings are held to address priorities and the allocation of resources. In August, the Commissioners Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners Court may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function as follows: general government, judicial, elections, financial administration, law enforcement, health and welfare, road and bridge, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriations between line items. Budget revisions and the line item transfers are subject to final review by the Commissioners Court. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

Note 3 - Fair Value Measurements

GASB Statement No. 72, Fair Value Measurement and Application, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Investment valuation techniques are used to determine fair value. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 4 - 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.

A. Deposits

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank 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 FDIC insurance.

B. Investments

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

The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Local government investment pools operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices.

At September 30, 2024, the carrying amount of all deposits and investments held by the County was:

	Carrying Value	Maturity	Credit Quality Rating
Pooled cash	\$ 2,296,168	N/A	N/A
TexStar	5,599,385	<60 days - Weighted Avg.	AAAm
	\$ 7,895,553		

The County is a voluntary participant in the TexStar external investment pool. TexStar is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management, Inc. serves as the investment advisor and co-administrator with Hilltop Securities. TexStar invests in treasury and agency securities and repurchase agreements fully collateralized by government securities. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective. TexStar uses amortized cost rather than market value to report net assets to compute share prices.

C. Investment Accounting Policy

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk – Deposits

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2024 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

Concentration of Credit Risk

The County's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

Note 5 - Receivables

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Property Taxes</u>	<u>Fines and Fees</u>	<u>Other Receivables</u>	<u>Total Receivables</u>
Governmental Funds				
General fund	\$ 295,680	\$ 1,100,770	\$ 29,560	\$ 1,426,010
Road & bridge fund	122,097	-	28,947	151,044
Debt service fund	36,002	-	-	36,002
Other governmental funds	-	-	3,287	3,287
	<u>453,779</u>	<u>1,100,770</u>	<u>61,794</u>	<u>1,616,343</u>
Gross receivables	453,779	1,100,770	61,794	1,616,343
Less: allowance for uncollectibles	<u>(254,166)</u>	<u>(1,060,976)</u>	<u>-</u>	<u>(1,315,142)</u>
Total governmental funds	<u>199,613</u>	<u>39,794</u>	<u>61,794</u>	<u>301,201</u>
Amounts not scheduled for collection during the subsequent year				
	<u>\$ 177,931</u>	<u>\$ 39,794</u>	<u>\$ -</u>	<u>\$ 217,725</u>

Note 6 - Capital Assets

Capital asset activity for the period ended September 30, 2024 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 56,105	\$ -	\$ -	\$ 56,105
Total non-depreciable assets	56,105	-	-	56,105
Depreciable assets				
Buildings and improvements	8,611,338	-	-	8,611,338
Vehicles and heavy equipment	2,994,581	757,823	-	3,752,404
Furniture and equipment	410,085	-	-	410,085
Total depreciable assets	12,016,004	757,823	-	12,773,827
Total at historic cost	12,072,109	757,823	-	12,829,932
Less accumulated depreciation				
Buildings and improvements	1,262,422	243,438	-	1,505,860
Vehicles and heavy equipment	1,863,903	191,923	-	2,055,826
Furniture and equipment	223,680	12,172	-	235,852
Total accumulated depreciation	3,350,005	447,533	-	3,797,538
Net depreciable capital assets	8,665,999	310,290	-	8,976,289
Governmental activities capital assets, net	\$ 8,722,104	\$ 310,290	\$ -	\$ 9,032,394

Depreciation and amortization was charged to functions as follows:

General government	\$	12,088
Law enforcement		243,710
Road and bridge		191,735
		191,735
	\$	447,533

Note 7 - Interfund Balances and Activity

Due to and From Other Funds

Balances due to and from other funds at September 30, 2024, consisted of the following:

Due to road and bridge fund from:		
General fund	\$	1,068,162
Due to debt service fund from:		
General fund		87,795
Due to other governmental funds from:		
General fund		328,224
		328,224
	\$	1,484,181

Due to and from other funds are interfund receivables and payables that reflect either short-term borrowing or payroll clearing accounts between funds.

Note 8 - Long-Term Obligations

The County’s long-term debt consists of general obligation bonds and financed purchases. Expenditures for the debt service requirements of the general obligation bonds are accounted for in the Debt Service Fund. Expenditures for the debt service requirements of the financed purchases are accounted for in the General Fund and the Road and Bridge Fund.

A. General Obligation Bonds

\$9,055,000 General Obligation Bonds – series 2017, with interest rates from 3.0% to 3.25% were issued August 7, 2017 with a final maturity date of February 15, 2042. The outstanding balance at September 30, 2024 is \$7,145,000.

The following are general obligations outstanding at September 30, 2024:

	Interest Rate	Date of Issue	Date of Maturity	Original Issue
General Obligation Bonds, Series 2017	3.00%-3.25%	2017	2042	\$ 9,055,000

The following table summarizes the annual debt requirements of the general obligation bonds at September 30, 2024, to maturity:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2025	\$ 305,000	\$ 215,213	\$ 520,213
2026	315,000	205,913	520,913
2027	320,000	196,388	516,388
2028	330,000	186,638	516,638
2029	340,000	176,588	516,588
2030-2034	1,870,000	720,488	2,590,488
2035-2039	2,180,000	416,213	2,596,213
2040-2042	1,485,000	3,369	1,488,369
Total	\$ 7,145,000	\$ 2,120,810	\$ 9,265,810

Current requirements for indebtedness of the County are accounted for in the Debt Service Fund.

B. Financed Purchases

The County has entered into finance agreements to finance the acquisition of motor graders and heavy equipment. The agreements carry interest rates ranging from 2.50% to 6.78%. Contracts have terms of 60 to 84 months and mature in the next seven years.

The following table summarizes the annual debt requirements of the financed purchases payable at September 30, 2024, to maturity:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2025	\$ 306,040	\$ 23,872	\$ 329,912
2026	92,582	18,318	110,900
2027	63,285	14,077	77,362
2028	66,980	10,382	77,362
2029	49,583	6,720	56,303
2030-2031	91,106	5,804	96,910
Total	<u>\$ 669,576</u>	<u>\$ 79,173</u>	<u>\$ 748,749</u>

Long-term obligations include general obligations and financed purchases. Changes in long-term obligations for the year ended September 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds, Series 2017	\$ 7,440,000	\$ -	\$ (295,000)	\$ 7,145,000	\$ 305,000
Financed purchases	359,927	410,808	(101,159)	669,576	306,040
Total Governmental Activities	<u>\$ 7,799,927</u>	<u>\$ 410,808</u>	<u>\$ (396,159)</u>	<u>\$ 7,814,576</u>	<u>\$ 611,040</u>

Note 9 - Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2024, the County purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

The County provides group health insurance coverage to all full-time employees. Employees may elect to cover dependents at their own expense. County employee premiums are paid with County funds.

Note 10 - Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 870 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at <https://www.tcdrs.org>.

Benefits Provided

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the County's Board within certain guidelines.

Membership

County membership in the TCDRS plan at December 31, 2023 consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	40
Entitled to but not yet receiving benefits	41
	81
Active Employees' Accounts	53

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Contribution Rates	2023	2024
Member	7.00%	7.00%
Employer	4.44%	4.30%
Employer contributions	\$ 110,874	\$ 118,503
Member contributions	\$ 159,216	\$ 185,160

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	3.0 years
Asset valuation method	5 year smoothed market
Discount rate	7.60%
Long-term expected investment rate of return*	7.50%
Salary increases*	4.70%, average
Payroll growth rate	1.50%

**Includes inflation of 2.50%*

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
less than 25	0.001%	0.000%
25	0.001	0.003
26	0.001	0.006
27	0.001	0.009
28	0.001	0.011
29	0.001	0.013
30	0.001	0.014
31	0.001	0.016
32	0.001	0.018
33	0.001	0.020
34	0.001	0.023
35	0.001	0.025
36	0.001	0.028
37	0.001	0.030
38	0.001	0.034
39	0.001	0.038
40	0.001	0.042
41	0.001	0.046
42	0.001	0.050
43	0.001	0.058
44	0.001	0.066
45	0.001	0.074
46	0.001	0.082
47	0.001	0.090
48	0.001	0.099
49	0.001	0.108
50	0.001	0.117
51	0.001	0.126
52	0.001	0.135
53	0.001	0.144
54	0.001	0.153
55	0.001	0.162
56	0.001	0.171
57	0.001	0.180
58	0.001	0.189
59	0.001	0.198
60 and above	-	-

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

Service retirement rates for males and females were as follows:

Age	Active Scv				Deferred
	Active Scv<15	15-24	25-29	30+	All Svc
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50-51	5.6	6.8	8.3	9.4	-
52-53	6.0	7.2	8.8	10.0	-
54-56	6.8	8.1	9.9	11.3	-
57-59	7.5	9.0	11.0	12.5	-
60-61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63-64	11.3	13.5	16.5	18.8	15.0
65-66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68-69	18.9	18.9	23.1	23.1	21.0
70-74	20.7	20.7	25.3	25.3	23.0
75 & Above	100.0	100.0	100.0	100.0	100.0

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017 - 2020. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2021.

There were no changes in methods or assumptions reflected in the December 31, 2023 actuarial valuation.

Discount Rate

The discount rate used to measure the total pension liability did not change from the rate used in the prior year valuation, 7.60%.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the information noted on the prior page, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation ^a	Geometric Real Rate of Return ^b
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ^c	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ^d	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index ^e	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

^a Target asset allocation adopted at the March 2024 TCDRS Board meeting.

^b Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater’s 2024 capital market assumptions.

^c Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

^d Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

^e Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

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

At September 30, 2024, the County reported a net pension asset of \$1,052,560 for its net pension asset measured at December 31, 2023. For the year ended September 30, 2024, the County recognized pension benefit of \$234,049.

Changes to the real rate of return, inflation, long-term investment return, and the payroll growth assumptions affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension liability/(asset) for the year ended December 31, 2023 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2022	\$ 9,607,657	\$ 10,243,442	\$ (635,785)
Changes for the year			
Service cost	244,737	-	244,737
Interest on total pension liability ^f	727,846	-	727,846
Effect of plan changes ^g	-	-	-
Effect of economic/demographic gains or losses	(14,595)	-	(14,595)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(45,129)	(45,129)	-
Benefit payments	(516,093)	(516,093)	-
Administrative expenses	-	(5,774)	5,774
Member contributions	-	163,555	(163,555)
Net investment income	-	1,122,866	(1,122,866)
Employer contributions	-	104,674	(104,674)
Other ^h	-	(10,558)	10,558
Balances as of December 31, 2023	<u>\$ 10,004,423</u>	<u>\$ 11,056,983</u>	<u>\$ (1,052,560)</u>

^fReflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

^gNo plan changes valued.

^hRelates to the allocation of system-wide items.

Discount Rate Sensitivity Analysis

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

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 11,087,396	\$ 10,004,423	\$ 9,070,821
Fiduciary net position	11,056,983	11,056,983	11,056,983
Net pension liability / (asset)	\$ 30,413	\$ (1,052,560)	\$ (1,986,162)

At September 30, 2024, the County reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 18,554	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	25,210
Contributions paid to TCDRS subsequent to the measurement date	N/A	91,927
Total	\$ 18,554	\$ 117,137

\$91,927 reported as deferred outflows of resources related to pensions resulting from contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2025. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30	
2025	\$ (90,958)
2026	(50,396)
2027	219,190
2028	(71,180)
2029	-
Thereafter	-
Total	\$ 6,656

Note 11 - Contingencies

The County is a party to legal proceedings that allege violations of gender and race discriminations . Management intends to vigorously defend the case and believes that there will be no material effect on the financial condition of the District. Legal advice obtained as of the date of the financial statements indicated that should the plaintiff prevail, the County could experience a loss; however, no range of loss can be estimated. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

Required Supplementary Information
September 30, 2024

Coleman County, Texas

Coleman County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended September 30, 2024

	Budget Amounts		Actual	Variance from Final Budget
	Original Budget	Final Budget		
Revenues				
Taxes				
Property taxes	\$ 3,195,733	\$ 3,195,733	\$ 2,985,707	\$ (210,026)
Other	90,000	90,000	79,969	(10,031)
Penalties and interest	59,000	59,000	86,152	27,152
Intergovernmental and grants	864,181	864,181	837,950	(26,231)
Fines and fees	183,605	183,605	248,048	64,443
Investment earnings	240,000	240,000	285,921	45,921
Miscellaneous	52,000	52,000	184,635	132,635
Total revenues	4,684,519	4,684,519	4,708,382	23,863
Expenditures				
Current				
General government	812,480	812,480	516,809	295,671
Judicial	1,056,050	1,056,050	996,738	59,312
Elections	27,512	27,512	21,263	6,249
Financial administration	718,874	718,874	690,387	28,487
Law enforcement	2,102,803	2,102,803	2,102,357	446
Health and welfare	190,840	190,840	179,567	11,273
Capital outlay				
Capital outlay	50,000	50,000	70,051	(20,051)
Total expenditures	4,958,559	4,958,559	4,577,172	381,387
Excess revenues over expenditures	(274,040)	(274,040)	131,210	405,250
Other financing sources				
Transfers, net	220,000	220,000	-	(220,000)
Total other financing uses	220,000	220,000	-	(220,000)
Net change in fund balance	(54,040)	(54,040)	131,210	185,250
Fund balance at beginning of year	4,188,125	4,188,125	4,188,125	-
Fund balance at end of year	\$ 4,134,085	\$ 4,134,085	\$ 4,319,335	\$ 185,250

Coleman County, Texas
 Budgetary Comparison Schedule – Road and Bridge Fund (Exhibit B-2)
 Year Ended September 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes				
Property	\$ 1,381,352	\$ 1,381,352	\$ 1,290,512	\$ (90,840)
Penalties and interest	5,000	5,000	6,369	1,369
Fines and fees	415,300	415,300	467,763	52,463
Interest	3,600	3,600	4,044	444
Other revenue	50,000	50,000	64,757	14,757
Total revenues	<u>1,855,252</u>	<u>1,855,252</u>	<u>1,833,445</u>	<u>(21,807)</u>
Expenditures				
Current				
Road and bridge	1,466,596	1,466,596	1,348,925	117,671
Debt service				
Principal	91,000	91,000	101,159	(10,159)
Interest	13,000	13,000	15,345	(2,345)
Capital outlay				
Capital outlay	70,000	70,000	687,772	(617,772)
Total expenditures	<u>1,640,596</u>	<u>1,640,596</u>	<u>2,153,201</u>	<u>(512,605)</u>
(Deficiency) of revenues (under) expenditures	214,656	214,656	(319,756)	(534,412)
Other financing sources				
Proceeds from debt issuance	-	-	410,808	410,808
Total other financing sources	<u>-</u>	<u>-</u>	<u>410,808</u>	<u>410,808</u>
Net change in fund balance	214,656	214,656	91,052	(123,604)
Fund balance at beginning of year, as restated	<u>1,047,855</u>	<u>1,047,855</u>	<u>1,047,855</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,262,511</u></u>	<u><u>\$ 1,262,511</u></u>	<u><u>\$ 1,138,907</u></u>	<u><u>\$ (123,604)</u></u>

Coleman County, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System (Exhibit B-3)
September 30, 2024

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Total Pension Liability					
Service cost	\$ 244,737	\$ 232,527	\$ 216,599	\$ 213,816	\$ 198,274
Interest on total pension liability	727,846	698,437	684,681	668,690	637,732
Effect of plan changes	-	-	-	-	-
Effect of assumption changes or inputs	-	-	(90,220)	424,596	(5,689)
Effect of economic/demographic (gains) or losses	(14,595)	(15,218)	(125,526)	(61,307)	-
Benefit payments/refund of contributions	(561,222)	(521,496)	(519,473)	(470,960)	(456,635)
Net change in total pension liability	396,766	394,250	166,061	774,835	373,682
Total pension liability, beginning	9,607,657	9,213,407	9,047,346	8,272,511	7,898,829
Total pension liability, ending (a)	<u>\$ 10,004,423</u>	<u>\$ 9,607,657</u>	<u>\$ 9,213,407</u>	<u>\$ 9,047,346</u>	<u>\$ 8,272,511</u>
Fiduciary Net Position					
Employer contributions	\$ 104,674	\$ 130,929	\$ 108,925	\$ 114,400	\$ 108,563
Member contributions	163,555	148,545	148,180	145,599	137,669
Investment income (loss) net of investment expenses	1,122,866	(632,942)	2,032,374	899,734	1,260,735
Benefit payments/refund of contributions	(561,222)	(521,496)	(519,473)	(470,960)	(456,635)
Administrative expenses	(5,773)	(6,003)	(6,032)	(6,871)	(6,640)
Other	(10,559)	(24,758)	(4,847)	(5,379)	(5,990)
Net change in fiduciary net position	813,541	(905,725)	1,759,127	676,523	1,037,702
Fiduciary net position, beginning	10,243,442	11,149,167	9,390,040	8,713,517	7,675,815
Fiduciary net position, ending (b)	<u>\$ 11,056,983</u>	<u>\$ 10,243,442</u>	<u>\$ 11,149,167</u>	<u>\$ 9,390,040</u>	<u>\$ 8,713,517</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (1,052,560)</u>	<u>\$ (635,785)</u>	<u>\$ (1,935,760)</u>	<u>\$ (342,694)</u>	<u>\$ (441,006)</u>
Fiduciary net position as a percentage of total pension liability	110.52%	106.62%	121.01%	103.79%	105.33%
Pensionable covered payroll	\$ 2,336,495	\$ 2,122,076	\$ 2,116,853	\$ 2,079,991	\$ 1,966,704
Net pension liability as a percentage of covered payroll	-45.05%	-29.96%	-91.45%	-16.48%	-22.42%

Coleman County, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System – continued (Exhibit B-3)

September 30, 2024

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability					
Service cost	\$ 201,159	\$ 194,268	\$ 196,164	\$ 184,668	\$ 178,211
Interest on total pension liability	617,171	590,860	558,319	527,300	501,048
Effect of plan changes	-	-	-	(16,507)	-
Effect of assumption changes or inputs	(117,988)	(60,899)	(34,514)	23,912	21,713
Effect of economic/demographic (gains) or losses	-	42,048	-	74,527	-
Benefit payments/refund of contributions	(431,103)	(464,916)	(369,585)	(405,990)	(410,883)
Net change in total pension liability	269,239	301,361	350,384	387,910	290,089
Total pension liability, beginning	7,629,590	7,328,229	6,977,845	6,589,935	6,299,846
Total pension liability, ending (a)	<u>\$ 7,898,829</u>	<u>\$ 7,629,590</u>	<u>\$ 7,328,229</u>	<u>\$ 6,977,845</u>	<u>\$ 6,589,935</u>
Fiduciary Net Position					
Employer contributions	\$ 112,560	\$ 112,043	\$ 119,933	\$ 119,064	\$ 115,502
Member contributions	128,324	126,705	121,848	115,757	111,212
Investment income (loss) net of investment expenses	(151,966)	1,050,520	509,392	86,710	454,984
Benefit payments/refund of contributions	(431,103)	(464,916)	(369,585)	(405,990)	(410,883)
Administrative expenses	(6,165)	(5,345)	(5,524)	(4,954)	(5,195)
Other	(13,749)	(3,081)	(43,785)	64,079	48,089
Net change in fiduciary net position	(362,099)	815,926	332,279	(25,334)	313,709
Fiduciary net position, beginning	8,037,914	7,221,988	6,889,709	6,915,043	6,601,334
Fiduciary net position, ending (b)	<u>\$ 7,675,815</u>	<u>\$ 8,037,914</u>	<u>\$ 7,221,988</u>	<u>\$ 6,889,709</u>	<u>\$ 6,915,043</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 223,014</u>	<u>\$ (408,324)</u>	<u>\$ 106,241</u>	<u>\$ 88,136</u>	<u>\$ (325,108)</u>
Fiduciary net position as a percentage of total pension liability	97.18%	105.35%	98.55%	98.74%	104.93%
Pensionable covered payroll	\$ 1,833,205	\$ 1,810,071	\$ 1,740,686	\$ 1,653,666	\$ 1,589,749
Net pension liability as a percentage of covered payroll	12.17%	-22.56%	6.10%	5.33%	-20.45%

Coleman County, Texas

Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-4)

September 30, 2024

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 115,502	\$ 115,502	\$ -	\$ 1,588,749	7.3%
2015	119,064	119,064	-	1,653,666	7.2%
2016	119,933	119,933	-	1,740,686	6.9%
2017	112,043	112,043	-	1,810,071	6.2%
2018	112,560	112,560	-	1,833,205	6.1%
2019	108,563	108,563	-	1,966,704	5.5%
2020	114,400	114,400	-	2,079,991	5.5%
2021	108,595	108,925	(330)	2,116,853	5.1%
2022	130,929	130,929	-	2,122,076	6.2%
2023	104,674	104,674	-	2,336,495	4.5%

Note 1 - Budgetary Information

The County Commissioners adopt an Annual Budget no later than the second meeting of September of each year for the fiscal year commencing the following October 1. The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. During August of each year, the County Commissioners submit a proposed operating budget for the next following fiscal year. The operating budget includes proposed revenues and expenditures.
2. After a review by the County Commissioners, a public hearing is conducted and further comment is received from the County Commissioners and the general public.
3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the County Commissioners through passage of an appropriate resolution.
4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the County Commissioners, who adopt it after due review.
5. The Commissioners are authorized to transfer, from time to time, budget amounts of operational expenditure categories within departments as deemed necessary in order to meet the County's needs.
6. County Commissioners' approval is required for all fund-to-fund transfers, department to department transfers, fund reserve to appropriations transfers, for new revenue sources with offsetting appropriations, and for transfer to/from the capital expenditure category.

The following expenditures exceeded appropriations in the final budgets due to expenditures related to issuances of financed purchase agreements for heavy equipment:

	<u>Final Budget</u>	<u>Actual</u>	<u>Expenditures Exceed Appropriations</u>
General Fund			
Capital outlay	\$ 50,000	\$ 70,051	\$ 20,051
Road and Bridge Fund			
Debt service	\$ 104,000	\$ 116,504	\$ 12,504
Capital outlay	70,000	687,772	617,772

Note 2 - Net Pension Liability – Texas County & District Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	3.0 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7%, average, over career including inflation
Investment rate of return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at services retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Changes of Assumptions

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Supplementary Information
September 30, 2024
Coleman County, Texas

	Records Preservation - County Clerk	Records Management- County Clerk	Technology - CC & DC	Security - Courthouse	Hot Check - County Attorney
Assets					
Other receivables	\$ -	\$ 1,370	\$ 10	\$ 104	\$ -
Due from other funds	6,120	68,510	1,181	39,337	7,828
Total assets	<u>\$ 6,120</u>	<u>\$ 69,880</u>	<u>\$ 1,191</u>	<u>\$ 39,441</u>	<u>\$ 7,828</u>
Liabilities					
Due to other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance					
Restricted for					
Enabling legislation	6,120	69,880	1,191	39,441	7,828
Total fund balance	<u>6,120</u>	<u>69,880</u>	<u>1,191</u>	<u>39,441</u>	<u>7,828</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 6,120</u>	<u>\$ 69,880</u>	<u>\$ 1,191</u>	<u>\$ 39,441</u>	<u>\$ 7,828</u>

Coleman County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2024

Archive - District Clerk	Records Preservation - District Clerk	Records Management- District Clerk	Criminal Technology - District Clerk	Records Forfeiture and Seizure
\$ -	\$ -	\$ -	\$ -	\$ -
16,937	13,662	9,485	535	12,452
\$ 16,937	\$ 13,662	\$ 9,485	\$ 535	\$ 12,452
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
16,937	13,662	9,485	535	12,452
16,937	13,662	9,485	535	12,452
\$ 16,937	\$ 13,662	\$ 9,485	\$ 535	\$ 12,452
16,937	13,662	9,485	535	12,452

	Court Initiated Guard	Healthy County	Historical Society	Technology - Justice Court	Law Enforcement Education
Assets					
Other receivables	\$ 180	\$ -	\$ -	\$ -	\$ -
Due from other funds	13,859	3,949	857	12,580	8,494
Total assets	<u>\$ 14,039</u>	<u>\$ 3,949</u>	<u>\$ 857</u>	<u>\$ 12,580</u>	<u>\$ 8,494</u>
Liabilities					
Due to other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance					
Restricted for					
Enabling legislation	14,039	3,949	857	12,580	8,494
Total fund balance	<u>14,039</u>	<u>3,949</u>	<u>857</u>	<u>12,580</u>	<u>8,494</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 14,039</u>	<u>\$ 3,949</u>	<u>\$ 857</u>	<u>\$ 12,580</u>	<u>\$ 8,494</u>

Coleman County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2024

Preservation of Vital Statistics	Clerks Records Managment & Preservation	Records Archive - County Clerk	Vital Fee County Clerk	HAVA Grant
\$ 45	\$ 60	\$ 1,360	\$ 8	\$ -
1,314	17,597	55,713	484	15,711
<u>\$ 1,359</u>	<u>\$ 17,657</u>	<u>\$ 57,073</u>	<u>\$ 492</u>	<u>\$ 15,711</u>
\$ -	\$ -	\$ -	\$ -	\$ 15,711
-	-	-	-	<u>15,711</u>
1,359	17,657	57,073	492	-
<u>1,359</u>	<u>17,657</u>	<u>57,073</u>	<u>492</u>	<u>-</u>
<u>\$ 1,359</u>	<u>\$ 17,657</u>	<u>\$ 57,073</u>	<u>\$ 492</u>	<u>\$ 15,711</u>

Coleman County, Texas
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
September 30, 2024

	Election Services Contract	Records Managemet - County Clerk	Records Managemet - District Clerk	Court Facility Fee	Total Nonmajor Governmental Funds
Assets					
Other receivables	\$ -	\$ 70	\$ -	\$ 80	\$ 3,287
Due from other funds	11,674	2,655	130	7,160	328,224
Total assets	<u>\$ 11,674</u>	<u>\$ 2,725</u>	<u>\$ 130</u>	<u>\$ 7,240</u>	<u>\$ 331,511</u>
Liabilities					
Due to other governments	\$ -	\$ -	\$ -	\$ -	\$ 15,711
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,711</u>
Fund balance					
Restricted for					
Enabling legislation	11,674	2,725	130	7,240	315,800
Total fund balance	<u>11,674</u>	<u>2,725</u>	<u>130</u>	<u>7,240</u>	<u>315,800</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 11,674</u>	<u>\$ 2,725</u>	<u>\$ 130</u>	<u>\$ 7,240</u>	<u>\$ 331,511</u>

	Records Preservation - County Clerk	Records Management- County Clerk	Technology - CC & DC	Security - Courthouse	Hot Check - County Attorney
Revenues					
Fines and fees	\$ -	\$ 19,492	\$ 85	\$ 5,929	\$ 555
Other revenues	-	-	-	-	-
Total revenues	-	19,492	85	5,929	555
Expenditures					
Current					
General government	-	21,653	-	4,011	-
Law enforcement	-	-	-	-	-
Health and welfare	-	-	-	-	-
Total expenditures	-	21,653	-	4,011	-
Excess (deficit) of revenues over expenditures	-	(2,161)	85	1,918	555
Net change in fund balance	-	(2,161)	85	1,918	555
Fund balances at beginning of year	6,120	72,041	1,106	37,523	7,273
Fund balances at end of year	\$ 6,120	\$ 69,880	\$ 1,191	\$ 39,441	\$ 7,828

Coleman County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue

Funds (Exhibit C-2)

Year Ended September 30, 2024

Archive - District Clerk	Records Preservation - District Clerk	Records Management- District Clerk	Criminal Technology - District Clerk	Records Forfeiture and Seizure
\$ 225	\$ 100	\$ 115	\$ 80	\$ -
-	-	-	-	-
225	100	115	80	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
225	100	115	80	-
225	100	115	80	-
16,712	13,562	9,370	455	12,452
<u>\$ 16,937</u>	<u>\$ 13,662</u>	<u>\$ 9,485</u>	<u>\$ 535</u>	<u>\$ 12,452</u>

	Court Initiated Guard	Healthy County	Historical Society	Technology - Justice Court	Law Enforcement Education
Revenues					
Fines and fees	\$ 1,770	\$ -	\$ -	\$ 1,489	\$ 2,995
Other revenues	-	60	-	-	-
Total revenues	1,770	60	-	1,489	2,995
Expenditures					
Current					
General government	-	-	-	-	-
Law enforcement	-	-	-	-	1,840
Health and welfare	-	174	-	-	-
Total expenditures	-	174	-	-	1,840
Excess (deficit) of revenues over expenditures	1,770	(114)	-	1,489	1,155
Net change in fund balance	1,770	(114)	-	1,489	1,155
Fund balances at beginning of year	12,269	4,063	857	11,091	7,339
Fund balances at end of year	<u>\$ 14,039</u>	<u>\$ 3,949</u>	<u>\$ 857</u>	<u>\$ 12,580</u>	<u>\$ 8,494</u>

Coleman County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue

Funds (Exhibit C-2)

Year Ended September 30, 2024

Preservation of Vital Statistics	Clerks Records Managment & Preservation	Records Archive - County Clerk	Vital Fee County Clerk	HAVA Grant
\$ 611	\$ 4,045	\$ 19,560	\$ 101	\$ -
-	-	-	-	-
611	4,045	19,560	101	-
589	-	29,135	-	-
-	-	-	-	-
-	-	-	-	-
589	-	29,135	-	-
22	4,045	(9,575)	101	-
22	4,045	(9,575)	101	-
1,337	13,612	66,648	391	-
\$ 1,359	\$ 17,657	\$ 57,073	\$ 492	\$ -

Coleman County, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue
Funds (Exhibit C-2)
Year Ended September 30, 2024

	Election Services Contract	Records Managemet - County Clerk	Records Managemet - District Clerk	Court Facility Fee	Total Nonmajor Governmental Funds
Revenues					
Fines and fees	\$ 3,936	\$ 935	\$ 55	\$ 3,060	\$ 65,138
Other revenues	4,675	-	-	-	4,735
Total revenues	8,611	935	55	3,060	69,873
Expenditures					
Current					
General government	-	-	-	-	55,388
Law enforcement	-	-	-	-	1,840
Health and welfare	-	-	-	-	174
Total expenditures	-	-	-	-	57,402
Excess (deficit) of revenues over expenditures	8,611	935	55	3,060	12,471
Net change in fund balance	8,611	935	55	3,060	12,471
Fund balances at beginning of year	3,063	1,790	75	4,180	303,329
Fund balances at end of year	\$ 11,674	\$ 2,725	\$ 130	\$ 7,240	\$ 315,800

Coleman County, Texas
Combining Balance Sheet – Road and Bridge Fund (Exhibit C-3)
September 30, 2024

	Precinct #1	Precinct #2	Precinct #3	Precinct #4
Assets				
Investments	\$ 59,583	\$ 18,744	\$ -	\$ -
Property taxes receivable, net	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	331,791	159,465	72,376	3,143
Total assets	<u>\$ 391,374</u>	<u>\$ 178,209</u>	<u>\$ 72,376</u>	<u>\$ 3,143</u>
Liabilities				
Accounts payable	\$ -	\$ 5,885	\$ 5,655	\$ 8,134
Payroll liabilities	3,250	3,405	3,611	3,570
Total liabilities	<u>3,250</u>	<u>9,290</u>	<u>9,266</u>	<u>11,704</u>
Deferred inflows of resources				
Unavailable revenue - property tax	-	-	-	-
Fund balance				
Restricted for				
Road and bridge	<u>388,124</u>	<u>168,919</u>	<u>63,110</u>	<u>(8,561)</u>
Total fund balance	<u>388,124</u>	<u>168,919</u>	<u>63,110</u>	<u>(8,561)</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 391,374</u>	<u>\$ 178,209</u>	<u>\$ 72,376</u>	<u>\$ 3,143</u>

Coleman County, Texas
Combining Balance Sheet – Road and Bridge Fund (Exhibit C-3)
September 30, 2024

	General Road and Bridge	Total Road and Bridge Fund
Assets		
Investments	\$ -	\$ 78,327
Property taxes receivable, net	53,709	53,709
Other receivables	28,947	28,947
Due from other funds	501,387	1,068,162
Total assets	\$ 584,043	\$ 1,229,145
Liabilities		
Accounts payable	\$ -	\$ 19,674
Payroll liabilities	8,569	22,405
Total liabilities	8,569	42,079
Deferred inflows of resources		
Unavailable revenue - property tax	48,159	48,159
Fund balance		
Restricted for		
Road and bridge	527,315	1,138,907
Total fund balance	527,315	1,138,907
Total liabilities, deferred inflows and fund balance	\$ 584,043	\$ 1,229,145

Coleman County, Texas
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Road and Bridge Fund (Exhibit C-4)
Year Ended September 30, 2024

	Precinct #1	Precinct #2	Precinct #3	Precinct #4
Revenues				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Fines and fees	-	-	-	-
Interest	3,076	968	-	-
Other revenues	2,338	-	-	-
Total revenues	5,414	968	-	-
Expenditures				
Current				
Road and bridge	246,120	255,697	216,693	231,950
Debt service				
Principal	17,231	42,917	21,935	19,076
Interest	2,977	4,813	1,961	5,594
Capital outlay				
Capital outlay	-	257,609	131,964	298,199
Total expenditures	266,328	561,036	372,553	554,819
Excess (deficit) of revenues over expenditures	(260,914)	(560,068)	(372,553)	(554,819)
Other financing sources (uses)				
Proceeds from debt issuance	-	257,609	-	153,199
Transfers in/(out)	275,000	275,000	275,000	275,000
Total other financing sources (uses)	275,000	532,609	275,000	428,199
Net change in fund balance	14,086	(27,459)	(97,553)	(126,620)
Fund balances at beginning of year	374,038	196,378	160,663	118,059
Fund balances at end of year	<u>\$ 388,124</u>	<u>\$ 168,919</u>	<u>\$ 63,110</u>	<u>\$ (8,561)</u>

Coleman County, Texas
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Road and Bridge Fund (Exhibit C-4)
Year Ended September 30, 2024

	General Road and Bridge	Total Road and Bridge Fund
Revenues		
Taxes		
Property	\$ 1,290,512	\$ 1,290,512
Other	6,369	6,369
Fines and fees	467,763	467,763
Interest	-	4,044
Other revenues	62,419	64,757
	1,827,063	1,833,445
Total revenues		
Expenditures		
Current		
Road and bridge	398,465	1,348,925
Debt service		
Principal	-	101,159
Interest	-	15,345
Capital outlay		
Capital outlay	-	687,772
	398,465	2,153,201
Total expenditures		
Excess (deficit) of revenues over expenditures	1,428,598	(319,756)
Other financing sources (uses)		
Proceeds from debt issuance	-	410,808
Transfers in/(out)	(1,100,000)	-
	(1,100,000)	410,808
Total other financing sources (uses)		
Net change in fund balance	328,598	91,052
Fund balances at beginning of year	198,717	1,047,855
Fund balances at end of year	\$ 527,315	\$ 1,138,907

Compliance Section
September 30, 2024

Coleman County, Texas



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*

The Honorable Judge and Members of the Commissioners Court
Coleman County, Texas
Coleman, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coleman County, Texas (the County), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 20, 2026.

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) as a basis for designing 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 a 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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses and as item 2024-003.

Coleman County, Texas's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The County'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.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
February 20, 2026

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Qualified for governmental activities and unmodified for each major fund and the aggregate remaining fund information
Internal control over financial reporting: Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	Yes

Section II – Financial Statement Findings

Finding 2024-001:	Preparation of Financial Statements and Material Audit Adjustments
Type of Finding:	Material Weakness
Criteria:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.
Condition:	The internal control structure of the County has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains deficiencies which resulted in certain material entries and unadjusted misstatements recorded that were detected as a result of audit procedures.
Cause:	The County does not prepare and has not developed an internal control system to provide for the timely preparation of the financial statements and related disclosures in a timely manner.
Effect:	The preparation of financial statements may result in financial statements and related information included in financial statement disclosures not being available or accurate for management purposes as timely and accurate as it would be if the financial statements were prepared by the County. Additionally, material audit entries were recorded to cash, investments, accounts receivable, allowances for uncollectible accounts, payroll accruals, accounts payable, deferred inflows of resources, and various revenue and expense accounts.
Recommendation:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Commissioners to review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
Views of Responsible Officials:	Management agrees with the noted finding. Management has determined it is not cost effective to have an internal control system designed to provide for the preparation of the financial statements and accompanying notes. Management has designated a member of management to review the drafted financial statements and accompanying notes.

Finding 2024-002:	Cash Reconciliations
Type of Finding:	Material Weakness
Criteria:	Management of the County is responsible for the timely completion and review of cash reconciliations in order to verify that the County has a complete record of accounts.
Condition:	<p>The cash reconciliations prepared by the County had multiple errors. Review of the reconciliations indicated the following errors:</p> <ol style="list-style-type: none">1) Certain items had cleared the bank but were still carried as outstanding items on the reconciliation,2) Certain items were listed as outstanding on the General Fund reconciliation, but had been deposited in other accounts.3) Certain items were voided, but not removed from the outstanding item list.4) Certain items were incorrectly omitted from the outstanding items list.5) Certain transactions were omitted from recording to the general ledger.
Cause:	The County does not have an effective process to prepare and review the cash reconciliations.
Effect:	After completion of the cash reconciliations, there was an unreconciled variance of \$387,232 between the reconciled cash balance and the balance recorded to the general ledger. Certain disbursements had not been recorded to the general ledger which resulted in significant initial budget surpluses. Material audit entries were recorded to the expense accounts in order to capture the activity to the financial statements.
Recommendation:	The County should develop an internal control structure that supports the capture and recording of all transactions to the general ledger as well as the timely completion and review of cash reconciliations to verify that all activity was recorded.
Views of Responsible Officials:	Management agrees with the noted finding. Management plans to develop and implement additional cash reconciliation procedures to ensure the timely completion and review.

Finding 2024-003:	Procurement Policy
Type of Finding:	Material Noncompliance
Criteria:	Management of the County is responsible for complying with procurement requirements as specified in Title 8, Section 262 Local Government Code.
Condition:	The County does not have a procurement policy.
Cause:	The County has not developed a procurement policy.
Effect:	The lack of a procurement policy causes material noncompliance with Title 8, Section 262 Local Government Code and increases the risk that the County could enter into transactions before completing procurement requirements as specified by Title 8, Section 262 Local Government Code.
Recommendation:	The County should develop a procurement policy.
Views of Responsible Officials:	Management agrees with the noted finding. Management plans to adopt a procurement policy.
Finding 2024-004:	Infrastructure
Type of Finding:	Material Weakness
Criteria:	Management of the County is responsible for maintaining records of infrastructure assets, including roads and bridges, sufficient to report the remaining net book value and annual depreciation expense of the infrastructure assets as government activities on the statement of net position and statement of activities.
Condition:	The County has not recorded the net book value and annual depreciation expense of infrastructure assets.
Cause:	The County has not maintained a schedule to record the remaining net book value and annual depreciation expense of infrastructure assets.
Effect:	The lack of a schedule of infrastructure assets causes an omission of the remaining net book value and related depreciation expense from the statement of net position and statement of activities.
Recommendation:	The County should review its purchase records for the previous 40 years to identify the historic cost basis of infrastructure assets and create a schedule to be utilized to record these assets.

Views of Responsible Officials: Management agrees with the noted finding. Management will review purchase records and recreate a schedule of infrastructure assets to be utilized in preparation of the financial statements.