

**WOOD COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2023**

**WOOD COUNTY, TEXAS**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Honorable County Judge  
and Commissioners' Court  
Wood County

### Report on the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

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

#### Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2023, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

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

#### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
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## **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 required supplementary information, as presented in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining fund financial statements and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

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

Waco, Texas  
June 27, 2024

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Wood County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$42,197,851.
- Of this amount, \$21,679,521 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$28,361,050. Of this amount, \$7,908,037 is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$7,908,037 or 36% of total General Fund annual expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the full accrual basis of accounting.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than 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 County'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.

The County maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge Fund, and the American Rescue Plan Grant Fund, which are considered to be major funds. Data from the other 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Custodial funds.** Custodial funds are used to report resources held by the County in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Since the custodial funds are fiduciary funds, these funds are not reported in the government-wide financial statements.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's progress in funding its obligation to provide pension and OPEB benefits to its employees. Additionally, the County adopts an annual appropriated budget for its General Fund and Road and Bridge Fund. Budgetary comparison schedules have been provided for the General Fund and the Road and Bridge Fund to demonstrate compliance with the budget. Required supplementary information can be found immediately following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and custodial funds are presented immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### STATEMENT OF NET POSITION

	<u>2023</u>	<u>2022</u>
Current assets	\$ 41,387,545	\$ 48,957,393
Capital assets	<u>12,163,472</u>	<u>9,990,808</u>
Total assets	<u>53,551,017</u>	<u>58,948,201</u>
Deferred outflows of resources	<u>3,988,861</u>	<u>3,707,101</u>
Current liabilities	9,548,533	10,048,623
Noncurrent liabilities	<u>4,120,847</u>	<u>3,708,115</u>
Total liabilities	<u>13,669,380</u>	<u>13,756,738</u>
Deferred inflows of resources	<u>1,672,647</u>	<u>8,295,577</u>
Net position:		
Net investment in capital assets	11,692,145	9,743,496
Restricted	8,826,185	7,991,967
Unrestricted	<u>21,679,521</u>	<u>22,867,524</u>
Total net position	<u>\$ 42,197,851</u>	<u>\$ 40,602,987</u>

Net position serves as a useful indicator of a government’s financial position. In the case of the County, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$42,197,851 as of September 30, 2023, an increase of \$1,594,864 as compared to the previous fiscal year. Unrestricted net position makes up 51% of the County’s net position for the current fiscal year, which may be used to meet the County’s ongoing obligations to citizens and creditors. Net investment in capital assets (e.g., land, construction in progress, infrastructure, buildings and improvements, and equipment less any related debt used to acquire those assets that is still outstanding) was \$11,692,145 or 28% of total net position. The County uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Restricted net position was \$8,826,185 or 21% of total net position.

**ANALYSIS OF REVENUES AND EXPENSES**

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,719,426	\$ 3,776,053
Operating grants and contributions	1,590,445	1,898,695
General revenues:		
Taxes	23,727,917	22,404,153
Investment earnings	783,921	198,138
Miscellaneous	84,259	54,613
Gain on sale of capital assets	<u>266,155</u>	<u>-</u>
Total revenues	<u>30,172,123</u>	<u>28,331,652</u>
Expenses:		
General government	8,096,610	5,679,553
Community services	740,445	1,747,049
Judicial	3,005,240	2,521,882
Public safety	8,924,358	7,945,160
Public transportation	<u>7,810,606</u>	<u>6,376,235</u>
Total expenses	<u>28,577,259</u>	<u>24,269,879</u>
Change in net position	1,594,864	4,061,773
Net position, beginning	<u>40,602,987</u>	<u>36,541,214</u>
Net position, ending	<u>\$ 42,197,851</u>	<u>\$ 40,602,987</u>

Revenues increased from the prior year by \$1,840,471 (6%). Major changes during the fiscal year include the following:

- An increase in investment earnings of \$585,838. This increase is the primary result of federal rates continually increasing during the fiscal year.
- An increase in tax revenues of \$1,323,764. This increase is primarily the result of market value increases and new property added, which produced an increase in property tax revenue.

Expenses reflect an increase of \$4,307,380, 17.7% from the prior year. The most significant changes from the previous year were the following:

- An increase of \$2,417,057 in general government. Part of this increase was caused by an increase in expenses under the ARPA grant for infrastructure and for covid recovery assistance.
- An increase of \$1,434,371 in public transportation. This increase is primarily the result of increases in road oil purchases.

**FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS**

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

At the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$28,361,050. \$7,908,037 of this amount constitutes unassigned fund balance. \$181,576 is classified as nonspendable for the payment of prepaid items. \$8,375,269 is restricted by legislation or external entities. \$1,038,753 has been committed by the Commissioners Court, \$24,070 is assigned for the payment of future health claims, \$9,408,345 is assigned for a budgetary deficit in the subsequent year’s budget and \$1,425,000 is assigned for capital improvement projects.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, 42% of the General Fund fund balance (\$7,908,037) was unassigned. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned General Fund fund balance and total General Fund expenditures. Unassigned fund balance represents 36% of total General Fund expenditures.

The General Fund fund balance decreased by \$2,091,670 (9.9%) during the current fiscal year.

The Road and Bridge Fund had an ending fund balance of \$5,481,349, an increase of 11% from the prior year.

**BUDGETARY HIGHLIGHTS**

**General Fund Budgetary Highlights**

Actual revenues for the year were \$19,619,022, which is \$697,423 above the budgeted amount of \$18,921,599. The actual expenditures for the year were \$22,093,320, which is \$884,402 lower than the budgeted amount of \$22,977,722. Including other financing sources and uses, the net effect of over-realization of revenue and under-utilization of appropriations resulted in a positive variance of \$1,778,151.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The investment in capital assets for the County as of September 30, 2023, amounted to \$12,163,472 (net of accumulated depreciation).

**CAPITAL ASSETS**

	<u>2023</u>	<u>2022</u>
Land	\$ 2,400,960	\$ 2,365,669
Construction in progress	1,706,220	547,817
Infrastructure	852,743	689,969
Buildings and improvements	12,299,263	11,960,204
Equipment	16,041,785	14,938,448
Right to use - equipment	370,001	324,801
Right to use - subscriptions	389,712	-
Less: accumulated depreciation	<u>( 21,897,212)</u>	<u>( 20,836,100)</u>
Total capital assets	<u>\$ 12,163,472</u>	<u>\$ 9,990,808</u>

Major capital asset additions during the current fiscal year included the following:

- Purchases of multiple servers and software systems.
- Construction of multiple projects including Jailhouse and Courthouse HVAC renovations.
- Construction and completion of a radio tower and New JP#3 Building.

Additional information on capital assets can be found in Note II – C of this report.

**OUTSTANDING LONG-TERM LIABILITIES AT YEAR-END**

The County’s long-term liabilities consisted solely of compensated absences, leases, SBITAs, pension, and other post-employment obligations. The County has no bonds or notes payable.

	<u>2023</u>	<u>2022</u>
Net OPEB obligation	\$ 2,900,012	\$ 2,789,735
SBITAs	250,886	-
Leases	220,441	247,312
Compensated absences	<u>749,508</u>	<u>671,068</u>
Total	<u>\$ 4,120,847</u>	<u>\$ 3,708,115</u>

Additional information on long-term debt can be found in Note III – C of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The County’s elected and appointed officials considered many factors when the County prepared and approved the 2024 budget, tax rates and fees. The resulting budget reflected these considerations. For this budget year, road and bridge maintenance, emergency response, public health, public facilities, and capital asset needs were major concerns. The growth in population continues throughout the County, which stimulates local business, tourism and development activities but also increases the services to be provided by the County.

In preparation of the fiscal year 2024 budget, the County decreased the ad valorem tax rate to \$0.4625 per \$100, from the fiscal year 2023 tax rate of \$0.4825 per \$100. The overall property valuation (excluding tax cap properties) increased to \$4,145,438,855 reflecting an increase of \$561,267,158 or 16% from the prior year. The increase was primarily due to a general increase in market values as well as new property added. Fiscal year 2024 budgeted expenditures increased \$9,343,716 or 31%, of which \$10,119,972 or 26% are one-time capital and road and bridge expenditures, over fiscal year 2023 budgeted expenditures.

Commissioners court elected to utilize a portion of the County’s fund balance to fund fiscal year 2024 budgeted expenditures in order to address departmental needs. Included in the 2024 budget are jail expansion, building renovations, courthouse air conditioning and heating system repairs/upgrades, voting equipment, Wood County Airport expansion project, law enforcement in car camera system, and capital equipment and road maintenance needs of the Road & Bridge precincts.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor, Wood County, P.O. Box 389, Quitman, Texas 75783.

**BASIC  
FINANCIAL STATEMENTS**

**WOOD COUNTY, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 36,985,486
Taxes receivable	2,095,721
Accounts receivable	1,743,427
Due from other governments	49,772
Prepaid items	181,576
Net pension asset	331,563
Total current assets	41,387,545
Noncurrent assets:	
Capital assets:	
Land	2,400,960
Construction in progress	1,706,220
Infrastructure	852,743
Buildings and improvements	12,299,263
Equipment	16,041,785
Right to use - equipment	370,001
Right to use - subscriptions	389,712
Less: accumulated depreciation	(21,897,212)
Total capital assets	12,163,472
Total noncurrent assets	12,163,472
Total assets	53,551,017
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	2,879,210
OPEB related	1,109,651
Total deferred outflows of resources	3,988,861
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,294,263
Accrued liabilities	232,635
Health claims payable	232,388
Due to other governments	79,315
Due to unclaimed property owners	12,265
Unearned revenue	7,697,667
Total current liabilities	9,548,533
Noncurrent liabilities:	
Due within one year:	
Compensated absences	149,902
Leases	73,983
SBITAs	132,866
Due in more than one year:	
Compensated absences	599,606
Leases	146,458
SBITAs	118,020
Total OPEB liability - retiree health plan	2,900,012
Total noncurrent liabilities	4,120,847
Total liabilities	13,669,380
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	553,826
OPEB related	1,118,821
Total deferred inflows of resources	1,672,647
<b>NET POSITION</b>	
Net investment in capital assets	11,692,145
Restricted	8,826,185
Unrestricted	21,679,521
Total net position	\$ 42,197,851

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

**WOOD COUNTY, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 8,096,610	\$ 2,023,384	\$ 1,313,347	\$ (4,759,879)
Community services	740,445	35,273	-	(705,172)
Judicial	3,005,240	517,713	16,192	(2,471,335)
Public safety	8,924,358	111,412	49,069	(8,763,877)
Public transportation	<u>7,810,606</u>	<u>1,031,644</u>	<u>211,837</u>	<u>(6,567,125)</u>
Total governmental activities	<u>\$ 28,577,259</u>	<u>\$ 3,719,426</u>	<u>\$ 1,590,445</u>	<u>(23,267,388)</u>
General revenues:				
				23,727,917
				783,921
				84,259
				<u>266,155</u>
				<u>24,862,252</u>
				1,594,864
				<u>40,602,987</u>
				<u>\$ 42,197,851</u>



**WOOD COUNTY, TEXAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2023

	General	Road and Bridge	American Rescue Plan Grant	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 19,900,859	\$ 5,551,827	\$ 7,776,749	\$ 3,756,051	\$ 36,985,486
Taxes receivable	1,643,630	452,091	-	-	2,095,721
Accounts receivable	1,570,602	172,825	-	-	1,743,427
Due from other governments	49,772	-	-	-	49,772
Prepaid items	165,007	9,960	-	6,609	181,576
Total assets	<u>23,329,870</u>	<u>6,186,703</u>	<u>7,776,749</u>	<u>3,762,660</u>	<u>41,055,982</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	1,178,920	109,730	-	5,613	1,294,263
Accrued liabilities	184,471	48,164	-	-	232,635
Health claims payable	232,388	-	-	-	232,388
Due to other governments	79,315	-	-	-	79,315
Due to unclaimed property owners	12,265	-	-	-	12,265
Unearned revenue	-	113,113	7,584,554	-	7,697,667
Total liabilities	<u>1,687,359</u>	<u>271,007</u>	<u>7,584,554</u>	<u>5,613</u>	<u>9,548,533</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	1,115,571	434,347	-	-	1,549,918
Unavailable revenue - court fines	1,596,481	-	-	-	1,596,481
Total deferred inflows of resources	<u>2,712,052</u>	<u>434,347</u>	<u>-</u>	<u>-</u>	<u>3,146,399</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	165,007	9,960	-	6,609	181,576
Restricted:					
Public transportation	-	5,471,389	-	-	5,471,389
Debt service	-	-	-	70,501	70,501
Public safety	-	-	192,195	9,564	201,759
Judicial	-	-	-	327,513	327,513
Records preservation	-	-	-	1,657,016	1,657,016
Technology improvements	-	-	-	202,350	202,350
Economic development	-	-	-	444,741	444,741
Committed:					
Property acquisitions	-	-	-	903,190	903,190
Improvements	-	-	-	135,563	135,563
Assigned:					
Health claims	24,070	-	-	-	24,070
Budgetary deficit					
in the subsequent year's budget	9,408,345	-	-	-	9,408,345
Capital improvement projects	1,425,000	-	-	-	1,425,000
Unassigned	7,908,037	-	-	-	7,908,037
Total fund balances	<u>18,930,459</u>	<u>5,481,349</u>	<u>192,195</u>	<u>3,757,047</u>	<u>28,361,050</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,329,870</u>	<u>\$ 6,186,703</u>	<u>\$ 7,776,749</u>	<u>\$ 3,762,660</u>	<u>\$ 41,055,982</u>

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

**WOOD COUNTY, TEXAS**

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

SEPTEMBER 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - total governmental funds	\$	28,361,050
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		12,163,472
A portion of property taxes and court fines receivable are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.		3,146,399
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(749,508)
Leases		(220,441)
SBITAs		(250,886)
Included in long-term items are the Net Pension Asset and the Total OPEB Liability. The statement of net position reports those assets and liabilities as well as deferred inflows and outflows of resources related to pensions and OPEB:		
Net pension asset		331,563
Deferred outflows of resources:		
Pension related		2,879,210
OPEB related		1,109,651
Total OPEB liability		(2,900,012)
Deferred inflows of resources:		
Pension related		(553,826)
OPEB related		<u>(1,118,821)</u>
Net position of governmental activities	\$	<u>42,197,851</u>

**WOOD COUNTY, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General	Road and Bridge	American Rescue Plan Grant	Other Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 16,798,996	\$ 6,540,689	\$ -	\$ 173,122	\$ 23,512,807
Charges for services	1,411,960	656,840	-	397,484	2,466,284
Intergovernmental	603,996	211,837	1,201,238	37,142	2,054,213
Fines and forfeitures	-	324,532	-	1,236	325,768
Investment income	559,495	-	158,032	66,394	783,921
Motor vehicle registration	-	368,052	-	-	368,052
Other	244,575	-	-	280	244,855
Total revenues	<u>19,619,022</u>	<u>8,101,950</u>	<u>1,359,270</u>	<u>675,658</u>	<u>29,755,900</u>
<b>EXPENDITURES</b>					
Current:					
General government	6,472,909	-	1,201,238	376,476	8,050,623
Public safety	8,579,713	-	-	39,385	8,619,098
Public transportation	-	7,133,207	-	-	7,133,207
Judicial	3,036,079	-	-	37,303	3,073,382
Community services	720,262	-	-	21,764	742,026
Capital outlay	3,106,573	634,029	-	56,022	3,796,624
Debt service:					
Principal	177,784	-	-	29,758	207,542
Total expenditures	<u>22,093,320</u>	<u>7,767,236</u>	<u>1,201,238</u>	<u>560,708</u>	<u>31,622,502</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,474,298)</u>	<u>334,714</u>	<u>158,032</u>	<u>114,950</u>	<u>(1,866,602)</u>
<b>OTHER FINANCING SOURCES</b>					
Sale of capital assets	106,465	189,444	-	-	295,909
Issuance of lease	43,387	-	-	-	43,387
Issuance of SBITAs	152,939	-	-	-	152,939
Insurance recoveries	79,837	-	-	9,989	89,826
Total other financing sources	<u>382,628</u>	<u>189,444</u>	<u>-</u>	<u>9,989</u>	<u>582,061</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,091,670)	524,158	158,032	124,939	(1,284,541)
<b>FUND BALANCES, BEGINNING</b>	<u>21,022,129</u>	<u>4,957,191</u>	<u>34,163</u>	<u>3,632,108</u>	<u>29,645,591</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 18,930,459</u>	<u>\$ 5,481,349</u>	<u>\$ 192,195</u>	<u>\$ 3,757,047</u>	<u>\$ 28,361,050</u>

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

**WOOD COUNTY, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ (1,284,541)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported in the current period.	3,756,645
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in the governmental funds.	(1,774,619)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) increased net position.	(44,593)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Lease proceeds	(43,387)
SBITA proceeds	(152,939)
Principal retirement	207,542
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	210,628
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences liability	(78,440)
Total OPEB liability	(142,796)
Net pension (liability) asset	<u>941,364</u>
Change in net position of governmental activities	<u>\$ 1,594,864</u>

**WOOD COUNTY, TEXAS**

STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,040,982
Accounts receivable	840
Prepays	<u>200</u>
Total assets	<u>3,042,022</u>
<b>LIABILITIES</b>	
Accounts payable and other liabilities	1,357,063
Due to other governments	<u>385,016</u>
Total liabilities	<u>1,742,079</u>
<b>NET POSITION</b>	
Restricted for Individuals, Organizations, and Other Governments	<u>1,299,943</u>
Total Net Position	<u>\$ 1,299,943</u>

**WOOD COUNTY, TEXAS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

CUSTODIAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Taxes and fees collected on behalf of other governments	\$ 54,671,971
Intergovernmental	800,624
Bonds received	43,715
Interest earnings	1,018
Protection board	20,325
Taxes sales	1,631
Civil registry	82,166
Criminal collections	178,084
Services	50,588
Trust	797,342
Hot checks	245
Miscellaneous	<u>10,172</u>
Total additions	<u>56,657,881</u>
<b>DEDUCTIONS</b>	
Taxes and fees collected on behalf of state comptroller	13,079,602
Disbursements on behalf of contracting entities	41,358,275
General operating	702,793
Corrections project	73,892
Bonds returned	43,715
Credit card fees	1,731
Services and supplies	58,570
Children provisions	26,158
Civil registry fees	83,348
Criminal fees	182,228
Trust fees	1,696,456
Hot check fees	496
Miscellaneous	<u>1,134</u>
Total Deductions	<u>57,308,398</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	(650,517)
<b>NET POSITION, BEGINNING</b>	<u>1,950,460</u>
<b>NET POSITION, ENDING</b>	<u>\$ 1,299,943</u>

# WOOD COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to the accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The most significant accounting and reporting policies of Wood County, Texas ("the County") are described in the following notes to the financial statements.

#### A. Reporting Entity

A financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the County are financially accountable, or the relationship to the County is such that an exclusion would cause the County's financial statements to be misleading or incomplete.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

The County was incorporated under the provisions of the State of Texas in 1850. The County operates under a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes, fines and fees, grants and other intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. The combined amounts for nonmajor governmental funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Detailed statements for nonmajor funds are presented within combining fund statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, grants, fines and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use, and balances of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The County reports the following major governmental funds:

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

The **Road and Bridge Fund** is a Special Revenue Fund used to account for revenue derived from ad valorem taxes, vehicle registration fees and rebates from the State of Texas. Expenditures are for maintenance and construction of County roads and bridges.

The **American Rescue Plan Grant Fund** accounts for the revenues and expenditures of the Coronavirus State & Local Fiscal Recovery Fund used to support the County's ability to operate after the COVID-19 pandemic.

Additionally, the County reports the following fund type:

**Custodial Funds** are used to account for assets held by the County in an agency capacity for individuals, private organizations and other governments.

#### **D. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The appropriated budget is prepared by function. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

#### **E. Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position/Fund Balance**

##### **1. Cash and Investments**

The County pools cash resources of some funds and invests these funds jointly. Each fund owns a pro rata share of the cash and investments. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the State.

Investment earnings are allocated to the respective funds based on an average daily balance.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investment in pools is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.



2. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are considered nonspendable in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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:

<u>Assets</u>	<u>Years</u>
Infrastructure	10 - 50
Buildings and improvements	15 - 40
Vehicles	3 - 10
Equipment	3 - 7
Right to use - equipment	3 - 7
Right to use - subscriptions	3 - 7

4. Federal and State Grants

Revenue from federal and state grants is recognized on the basis of actual expenditures incurred, limited to the amount of the total grant award.

5. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, compensatory time or overtime leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the County and its employees are accrued at year-end in the government-wide financial statements as the employees have earned the rights to these benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the County and its employees are accounted for in the period in which such services are rendered or such events take place.

## 6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

## 7. Leases & Subscriptions

The County is a participant in noncancellable leases of equipment and subscription-based IT arrangements (SBITAs). The County recognizes liabilities and intangible right-to-use assets (assets) in the government-wide financial statements.

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

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

- The County uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the noncancellable period of the lease or SBITA.
- The payments included in the measurement of the liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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

Lease and SBITA assets are reported with other capital assets and the liabilities are reported with statement of net position.

## 8. Pensions

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

## 9. Fund Balance Classification

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

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

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

## 10. Net Position

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

## 11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 only the following items that qualify for reporting in this category:

- **Differences between expected and actual experience** - This difference is deferred and amortized over a five-year period.
- **Changes in actuarial assumptions** - This difference is recognized over the average remaining service life for all active, inactive, and retired members.

- Pension contributions after the measurement date – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 the following items that qualify for reporting in this category:

- Unavailable revenue – The governmental funds report unavailable revenues from two sources: property taxes and court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Differences between expected and actual experience - This difference is deferred and amortized over a five-year period.
- Changes in actuarial assumptions – This difference is recognized over the average remaining service life for all active, inactive, and retired members.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a five-year period.
- Deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.

## 12. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

## 13. Change in Accounting Principle

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), was adopted effective October 1, 2022. The statement addresses accounting and financial reporting for subscription contracts. Statement No. 96 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to SBITAs in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets, deferred inflows and liabilities were recognized, and more extensive note disclosures were required.

## **II. DETAILED NOTES ON ALL FUNDS**

### **A. Deposits and Investments**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value that establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of September 30, 2023, the County had the following cash and investments in its governmental funds:

	<u>9/30/2023</u>	Percent of Total Portfolio	Weighted Average Maturity (Days)
Cash and cash equivalents:			
Demand deposits	\$ 12,938,437	35.0%	
Certificates of deposit	13,642,532	36.9%	
Investments measured at net asset value per share:			
Investment pools:			
TexPool	<u>10,404,517</u>	28.2%	28
Total cash and investments	<u>\$ 36,985,486</u>		

The Public Funds Investment 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) yield, (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) bid solicitation preferences for certificates of deposit, (10) investment strategy, (11) appointment, role, and training of the County investment officer, and (12) standard of care.

Statutes authorize the County to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, the State of Texas, and certain municipal securities; (2) certificates of deposit and share certificates, (3) certain securities lending programs, (4) repurchase agreements, (5) bankers' acceptances, (6) mutual funds, (7) investment pools, (8) guaranteed investment contracts, (9) common trust funds, and (10) commercial paper as allowed by the State. Local policy narrows the statewide authorization into County allowed investments. 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.

The County's investment pool, TexPool, a stable NAV Government Investment Pool, is managed (currently by Federated) conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. However, the \$1.00 price is not guaranteed or insured by the State of Texas. TexPool investments consist exclusively of ( 1) U. S. Government securities with specific limitation of 100% portfolio, (2) repurchase agreements collateralized by U. S. Government securities, Securities Lending with specific limitation of 100% on direct repurchase agreements and up to one-third (1/3) on reverse repurchase agreements, (3) certain SEC registered AAA-rated no-load money market mutual funds having stable net asset value of \$1.00 for each share with specific limitation of no more than 10% of the portfolio and (4) securities lending programs that comply with various limitations.

Under the County's investment pool, all investments subject to TexPool's Guidelines on portfolio composition, concentration limits and rating requirements. TexPool is currently rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pool cannot exceed 60 days, with the maximum maturity of any investment limited to 397 calendar days or less. Each day, TexPool determines the net interest income for that day by the amortization of any premiums and/or the accretion of any discounts, daily service fee, and any gains or losses from the sale of securities. TexPool's daily interest will be determined by dividing the net interest income for that day by total investable balance of Texpool for that day. The resulting rate will then be used to determine the amount of monthly interest income to distribute, which will be paid at end of the month and dis rev-invested unless the county provide for its withdrawal or transfer. TexPool is governed by the Texas Public Funds Investment Act. TexPool service fee is 4.5 basis points annually, calculated daily on the

TexPool Balance and is deducted from the gross interest earned. There are no direct reductions to the TexPool account: thus, only the net income is credited. All TexPool's rates are quoted net of fees. This contracted rate is set least until December 31, 2024, with renewal option until June 30, 2026.

The certificates of deposit were invested as County authorized investments issued by an institution with its main office or a branch in this state and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; secured by obligations as allowed by law; or secured in any other manner and amount provided by law for deposits of the County.

In 2013, Commissioners Court approved updates to the investment policy to provide for CD investments to include CDARS (The Certificate of Deposit Account Registry Service) deposits whereby the depository institution arranges for the deposit of funds in certificates of deposit in one or more federally insured depository institution, wherever located, for the County's account rather than having the majority of CD investments secured by collateral provided by the local institution.

**Interest Rate Risk.** In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the average dollar weighted maturity of its portfolios to a maximum of two years. This term is subject to changes based on the annual review of the investment policy or other Commissioners Court action.

**Custodial Credit Risk.** In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations, direct obligations of Texas, counties, municipalities, independent school districts or other instrumentalities allowed under LGC 116.054 but not listed here that have a fair value of not less than the principal amount of deposits. As of September 30, 2023, the County's deposit balance was entirely collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

**Credit Risk.** It is the County's policy and strategy to emphasize safety of principal and liquidity over yield by proper diversification, proper monitoring, and clear transparency. The County's policy has limited authorized investments to not all that are authorized by the statutes.

**B. Receivables**

Receivables as of year-end for the County's individual major funds and nonmajor governmental funds, including the applicable allowance for estimated uncollectible accounts, are as follows:

	<u>General</u>	<u>Road and Bridge</u>	<u>Total</u>
Receivables:			
Taxes	\$ 2,561,757	\$ 811,961	\$ 3,373,718
Accounts	15,525,522	172,825	15,698,347
Leases	<u>6,269</u>	<u>-</u>	<u>6,269</u>
Gross receivables	18,093,548	984,786	19,078,334
Less: allowance for uncollectibles	<u>(14,873,047)</u>	<u>(359,870)</u>	<u>(15,232,917)</u>
Net total receivables	<u>\$ 3,220,501</u>	<u>\$ 624,916</u>	<u>\$ 3,845,417</u>

**C. Assets**

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

<b>Governmental activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,365,669	\$ 35,291	\$ -	\$ 2,400,960
Construction in progress	<u>547,817</u>	<u>1,624,379</u>	<u>465,976</u>	<u>1,706,220</u>
Total assets not being depreciated	<u>2,913,486</u>	<u>1,659,670</u>	<u>465,976</u>	<u>4,107,180</u>
Capital assets, being depreciated:				
Infrastructure	689,969	162,774	-	852,743
Buildings and improvements	11,960,204	339,059	-	12,299,263
Equipment	14,938,448	1,853,142	749,805	16,041,785
Right to use - equipment	335,379	43,387	8,765	370,001
Right to use - subscriptions	<u>225,123</u>	<u>164,589</u>	<u>-</u>	<u>389,712</u>
Total capital assets being depreciated	<u>28,149,123</u>	<u>2,562,951</u>	<u>758,570</u>	<u>29,953,504</u>
Less accumulated depreciation:				
Infrastructure	136,935	31,704	-	168,639
Buildings and improvements	8,733,158	170,214	-	8,903,372
Equipment	11,898,395	1,373,216	701,974	12,569,637
Right to use - equipment	64,844	86,830	8,765	142,909
Right to use - subscriptions	<u>-</u>	<u>112,655</u>	<u>-</u>	<u>112,655</u>
Total accumulated depreciation	<u>20,833,332</u>	<u>1,774,619</u>	<u>710,739</u>	<u>21,897,212</u>
Total capital assets being depreciated, net	<u>7,315,791</u>	<u>788,332</u>	<u>47,831</u>	<u>8,056,292</u>
Governmental activities capital assets, net	<u>\$ 10,229,277</u>	<u>\$ 2,448,002</u>	<u>\$ 513,807</u>	<u>\$ 12,163,472</u>

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

Governmental activities:	
General government	\$ 248,786
Judicial	135,876
Community services	3,372
Public safety	584,132
Public transportation	<u>802,453</u>
Total depreciation expense - governmental activities	<u>\$ 1,774,619</u>

**D. Long-term Liabilities**

The following is a summary of the long-term liability activity of the County for the year ended September 30, 2023:

<b>Governmental activities</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
SBITAs	\$ 221,523	\$ 152,939	\$ 123,576	\$ 250,886	\$ 132,866
Leases	261,020	43,387	83,966	220,441	73,983
Compensated absences	<u>671,068</u>	<u>395,333</u>	<u>316,893</u>	<u>749,508</u>	<u>149,902</u>
Governmental activities long-term liabilities	<u>\$ 1,153,611</u>	<u>\$ 591,659</u>	<u>\$ 524,435</u>	<u>\$ 1,220,835</u>	<u>\$ 356,751</u>

SBITAs, leases, and compensated absences are generally liquidated by the General Fund and special revenue funds.

### Leases Payable

During the current year, the County entered into 6 leases as lessee for the right to use of copiers and security equipment for the Courthouse. The County's lease detail is listed below:

Lease Description	Interest Rates	Date Issued	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Governmental activities:</b>					
County Judge Xerox Copier - 8TB590224	2.88%	9/21/2023	9/20/2028	8,241	\$ 8,241
Treasurer Xerox Copier - 3TX402995	2.88%	9/21/2023	9/20/2028	7,475	7,475
Sheriff Squad Room Xerox Copier - 9HB341860	2.54%	9/30/2022	9/29/2027	2,406	1,941
Sheriff Records Xerox Copier - 8TB560262	2.54%	9/30/2022	9/29/2027	7,976	6,318
JP#4 Xerox Copier - 2TX053900	3.45%	12/29/2022	12/28/2027	7,153	6,138
JPD Xerox Copier - 3TX391241	3.45%	12/22/2022	12/21/2027	6,822	5,855
JP#2 Xerox Copier - 2TX055078	3.45%	12/22/2022	12/21/2027	8,088	6,941
Elections BB Printer - CS-3252ci	0.26%	10/01/2021	6/30/2025	4,923	2,619
Corrections Xerox Copier - 6TB438691	2.54%	9/30/2022	9/29/2027	9,447	7,619
Court House Security Equipment 2	0.736%	3/08/2022	3/08/2027	97,128	67,213
Court House Security Equipment 1	0.408%	10/1/2021	3/1/2025	21,105	9,079
ED & HTMT Xerox Copier - MX0128392	0.408%	10/1/2021	8/1/2024	5,494	1,622
JP#3 BB Printer - CS 3253ci	0.555%	10/1/2021	6/1/2025	4,469	2,042
Pitney Bowes - SendPro P Series Add-On	2.287%	5/17/2022	5/17/2027	23,450	16,599
Tax Office Security Equipment	0.736%	3/8/2022	3/8/2027	28,273	19,561
Tax Office Printer - MX-M7570	0.555%	10/1/2021	6/1/2025	8,812	4,026
Tax Office Pitney Bowes - Postage	0.712%	10/1/2021	8/1/2026	26,876	15,659
Sheriff CID Xerox Copier - LX7984092	0.555%	10/1/2021	7/1/2025	8,153	3,826
JP#1 Xerox Copier - LX7986291	0.555%	10/1/2021	1/1/2026	7,748	4,124
HR Xerox Copier - AE9899461	0.328%	10/1/2021	12/1/2023	3,344	258
EM Xerox Copier - A2T380016	0.263%	10/1/2021	12/1/2022	752	1,394
District Court Xerox Copier -C8135T	0.712%	10/1/2021	9/1/2026	7,132	4,259
District Clerk Xerox Copier - A2M621013	0.408%	10/1/2021	1/1/2025	6,607	2,551
DA Xerox Copier - A2M641677	0.555%	10/1/2021	1/1/2026	6,737	3,586
County Clerk Records Xerox Copier - 2DA074291	2.45%	4/26/2023	4/25/2028	5,608	5,159
County Clerk Xerox Copier - A2M646408	0.555%	10/1/2021	11/1/2025	8,571	4,396
Comm Office Xerox Copier - A2T204430	0.408%	10/1/2021	7/1/2024	2,134	584
Auditor Xerox Copier - EX7006168	0.408%	10/1/2021	6/1/2024	5,401	1,356
					<u>\$ 220,441</u>

The future debt service requirements of the long-term lease payable as of September 30, 2023, were as follows:

Fiscal Year	Principal Payments	Interest Payments
2024	\$ 73,983	\$ 2,627
2025	64,249	1,819
2026	49,613	1,064
2027	28,085	385
2028	4,511	53
<b>Total</b>	<b>\$ 220,441</b>	<b>\$ 5,948</b>

### SBITAs Payable

During the current year, the County entered into 5 subscription agreements as lessee for the right to use of copiers and security equipment for the Courthouse. The County's SBITA detail is listed below:

SBITA Description	Interest Rates	Date Issued	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Governmental activities:</b>					
DebtBook Subscription	2.610%	06/25/2023	9/25/2025	\$ 27,688	\$ 24,499
EViD System Sale & License	2.876%	08/02/2023	08/02/2028	30,828	24,308
Eagle and eRecording License	3.378%	10/1/2022	5/1/2024	200,128	124,371
Kologik Software	2.796%	2/13/2023	2/13/2026	94,423	63,683
SCYTL SaaS License	3.378%	10/1/2022	10/1/2025	21,395	14,025
					<u>\$ 250,886</u>



The future debt service requirements of the long-term SBITA payable as of September 30, 2023, were as follows:

Fiscal Year	Principal Payments	Interest Payments
2024	\$ 132,866	\$ 1,678
2025	105,522	1,184
2026	6,161	726
2027	6,337	338
<u>Total</u>	<u>\$ 250,886</u>	<u>\$ 3,925</u>

### III. OTHER INFORMATION

#### A. Defined Benefit Pension Plan

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

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

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

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

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

#### **Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	163
Inactive employees entitled to but not yet receiving benefits	175
Active employees	<u>213</u>
Total	<u><u>551</u></u>

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

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 13% in both calendar years 2022 and 2023. The County's contributions to TCDRS for the year ended September 30, 2023, were \$1,551,817, \$100,000 more than the required contributions.

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

**Actuarial Assumptions**

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

Inflation	2.5% per year
Overall payroll growth	3% per year
Investment Rate of Return	7.5%, net of administrative and investment expenses, including inflation

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

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

Updated mortality assumptions were adopted in the actuarial valuation of December 31, 2022. All other actuarial assumptions that determined the total pension liability as of December 31, 2022, were based on the results of an actuarial experience study for the period January 1, 2013, through December 31, 2016.

The long-term expected rate of return on pension plan investments is 7.6%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2023 information for a 10-year time horizon. Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2023 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

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

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation <sup>(1)</sup></b>	<b>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></b>
US Equities	Dow Jones U.S. Total Stock Market Index	11.5%	4.95%
Global Equities	MSCI World (net) Index	2.5%	4.95%
International Equities - Developed	MSCI World Ex USA (net)	5%	4.95%
International Equities - Emerging	MSCI EM Standard (net) Index	6%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2%	4.15%
Master Limited Partnerships	Alerian MLP Index	2%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2%	0.20%

<sup>(1)</sup> Target asset allocation adopted at the March 2023 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

## Discount Rate

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

## Changes in the Net Pension Liability/ (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2021	\$ 50,697,710	\$ 57,018,828	\$ (6,321,118)
Changes for the year:			
Service cost	1,418,508	-	1,418,508
Interest on total pension liability <sup>(1)</sup>	3,855,092	-	3,855,092
Effect of economic/demographic gains or losses	(421,513)	-	(421,513)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(418,437)	(418,437)	-
Benefit payments	(2,416,106)	(2,416,106)	-
Administrative expenses	-	(31,086)	31,086
Member contributions	-	742,866	(742,866)
Net investment income	-	(3,290,334)	3,290,334
Employer contributions	-	1,479,610	(1,479,610)
Other <sup>(2)</sup>	-	(38,524)	38,524
Balance at 12/31/2022	\$ 52,715,254	\$ 53,046,817	\$ (331,563)

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

**Sensitivity Analysis**

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

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 59,671,391	\$ 52,715,254	\$ 46,918,321
Fiduciary net position	<u>53,046,817</u>	<u>53,046,817</u>	<u>53,046,817</u>
Net pension liability/(asset)	<u>\$ 6,624,574</u>	<u>\$ (331,563)</u>	<u>\$ (6,128,496)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately issued TCDRS financial report. The report may be obtained at [www.tcdrs.org](http://www.tcdrs.org).

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

For the year ended September 30, 2023, the County recognized pension expense of \$710,458. At year-end, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 546,839
Changes in actuarial assumptions	669,660	6,987
Difference between projected and actual investment earnings	1,006,686	-
Contributions subsequent to the measurement date	<u>1,202,864</u>	<u>-</u>
Total	<u>\$ 2,879,210</u>	<u>\$ 553,826</u>

\$1,202,864 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2024	\$ (328,939)
2025	(132,441)
2026	64,234
2027	1,519,666

**B. Employee Health Protection Plan**

The County adopted a self-funded Health Protection Plan effective October 1, 1988. The purpose of the plan is to pay medical claims of County employees and their covered dependents. The plan is funded through contributions by the County for employee coverage and through payroll deductions for dependent coverage.

The County does not financially provide for any post-employment medical benefits and life insurance except to those eligible retirees and their dependents for the remaining life of retiree with medical (limited) and limited life insurance and those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). These exceptions are funded at the retiree and/or dependent’s expense that have elected the coverage under the Act with no direct costs of the premium to be incurred by the County.

The County enters into a contract with a reinsurance company to provide stop-loss coverage where the County's liability under the plan is limited to a projected cost factor determined annually by the company. The stop-loss attachment point is based on a specified monthly amount per covered employee or dependent.

Claims in excess of the specific stop-loss amount of \$95,000 per covered person and the annual aggregate claim liability of \$2,660,380 are fully insured. The plan paid net claims of approximately \$3,216,765 during the plan year ended September 30, 2023. Total estimated unpaid claims for charges incurred prior to fiscal year-end were \$232,388. The plan is administered by Health First, Third Party Administrators, Tyler, Texas.

Premiums are paid into the General Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditures reported in the General Fund.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past three years are as follows:

	Year Ended 09/30/23	Year Ended 09/30/22	Year Ended 09/30/21
Unpaid claims, beginning of fiscal year	\$ 187,638	\$ 574,755	\$ 140,026
Incurred claims (including IBNRs)	2,705,130	2,181,213	3,003,059
Claim payments	<u>(2,660,380)</u>	<u>(2,568,330)</u>	<u>(2,568,330)</u>
Unpaid claims, end of fiscal year	<u>\$ 232,388</u>	<u>\$ 187,638</u>	<u>\$ 574,755</u>

### Dental Policy

Effective October 1, 2009, the County began offering dental coverage for employees and their covered dependents. The plan paid claims of approximately \$180,787 for the plan year ended September 30, 2023.

### C. Postemployment Benefits Other than Pension Benefits (OPEB)

Health insurance, dental, and life insurance benefits provided under the County's benefits plan, are provided to eligible retirees or former employees who are fully vested, have completed at least 8 full years of employment with the County and are leaving all funds on deposit with the TCDRS with the intention of retiring at a later date in accordance with the policies and procedures approved by Commissioners' Court. The cost of the elected benefits is paid by the retirees or eligible former employees in accordance with the premiums annually set by Commissioners' Court. Listed below are the current monthly premiums for retirees or eligible former employees:

<u>Health Insurance</u>	
Retiree/fully vested former employee	\$ 380
Retiree/fully vested former employee and spouse (coupled with retiree/fully vested former employee)	750
Medicare retiree	250
Medicare spouse (coupled with retiree)	560
<u>Dental</u>	
Retiree/fully vested former employee	41
Retiree/fully vested former employee and spouse (coupled with retiree/fully vested former employee)	62
<u>Life</u>	
Retiree/fully vested former employee (depending on coverage)	\$1 - \$10
<u>Vision</u>	
Retiree/fully vested former employee	5.50
Retiree/fully vested former employee and spouse (coupled with retiree/fully vested former employee)	10.70

The retiree's or eligible former employee's dependent coverage is an option only as long as the retiree or eligible former employee maintains personal coverage. Dependent coverage will cease when the retiree's or eligible former employee's coverage ceases. After the initial election, which is limited to coverage in effect on the last day of employment, no additional elections may be made. The number of employees currently covered by the benefit terms is as follows:

	<u>Employee Only</u>	<u>Employee &amp; Dependent</u>
Active	120	76
Retired	<u>24</u>	<u>9</u>
Total	<u>144</u>	<u>85</u>

### Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	September 30, 2022
Measurement Date	September 30, 2023
Actuarial Method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary
Discount Rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Salary Scale	3.50%
Mortality	RPH-2014 Total Table with Projection MP-2021
Health care cost trend rates	Level 4.5%
Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates based on TCDRS actuarial assumptions from the 2017 retirement plan valuation report.
Retirees Contributions	100% of the premium for medical coverage. The current monthly contribution for the ETMC network individual coverage prior to age 65 is \$380 (\$750 for retiree and spouse). The age 65 and older monthly contribution is \$250 (\$560 for retiree and spouse). The Trinity MF network has a higher contribution rate.
Data Assumptions - Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 40% of all actives who currently have healthcare coverage will continue with coverage upon retirement including 20% of those with family coverage will continue with spouse coverage and the remainder individual coverage.

### Changes in the Total OPEB Liability

The County's total OPEB liability of \$2,900,012 was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2023.

	<u>Total OPEB Liability</u>
Balance at 10/1/2022	\$ 2,789,735
Changes for the year:	
Service cost	91,400
Interest on the total OPEB liability	134,669
Benefit payments	<u>(115,792)</u>
Net changes	<u>110,277</u>
Balance at 9/30/2023	<u>\$ 2,900,012</u>

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.77%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (3.77%)</u>	<u>Discount Rate (4.77%)</u>	<u>1% Increase in Discount Rate (5.77%)</u>
County's total OPEB liability	\$ 2,523,654	\$ 2,900,012	\$ 3,374,404

**Healthcare Cost Trend Rate Sensitivity Analysis**

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease (3.5%)</u>	<u>Current Healthcare Cost Trend Rate Assumption (4.5%)</u>	<u>1% Increase (5.5%)</u>
County's total OPEB liability	\$ 2,498,877	\$ 2,900,012	\$ 3,409,269

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

For the year ended September 30, 2023, the County recognized OPEB expense of \$258,588. As of September 30, 2023, Wood County reported deferred inflows and outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 612,204	\$ 28,309
Changes in actuarial assumptions	<u>497,447</u>	<u>1,090,512</u>
Total	<u>\$ 1,109,651</u>	<u>\$ 1,118,821</u>

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

<u>For the Year Ended September 30,</u>	
2024	\$ 32,519
2025	32,519
2026	32,519
2027	32,519
2028	(73,268)
Thereafter	(65,978)

**D. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County provides for the management of these risks through a combination of self-insurance and traditional insurance.

**E. Commitments and Contingencies**

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

The County participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable on September

30, 2023, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**F. Tax Abatements**

The County entered into several agreements with developers between 2011 to 2018, under Tax Code 312. Commitments by the developer include construction improvements. The current year reduction of tax revenue under this agreement was \$227,992.

**G. Future Financial Reporting Requirements**

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

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

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

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

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

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

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



**REQUIRED  
SUPPLEMENTARY INFORMATION**

**WOOD COUNTY, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 16,440,866	\$ 16,440,866	\$ 16,798,996	\$ 358,130
Charges for services	1,508,700	1,508,700	1,411,960	(96,740)
Intergovernmental	422,950	632,864	603,996	(28,868)
Investment income	151,000	151,000	559,495	408,495
Other	<u>73,100</u>	<u>188,169</u>	<u>244,575</u>	<u>56,406</u>
Total revenues	<u>18,596,616</u>	<u>18,921,599</u>	<u>19,619,022</u>	<u>697,423</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,276,837	6,333,387	6,472,909	(139,522)
Public safety	8,722,014	8,960,575	8,579,713	380,862
Judicial	3,251,901	3,325,644	3,036,079	289,565
Community services	1,261,696	1,180,964	720,262	460,702
Capital outlay	3,045,108	3,177,152	3,106,573	70,579
Debt service:				
Principal	<u>-</u>	<u>-</u>	<u>177,784</u>	<u>(177,784)</u>
Total expenditures	<u>22,557,556</u>	<u>22,977,722</u>	<u>22,093,320</u>	<u>884,402</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,960,940)</u>	<u>(4,056,123)</u>	<u>(2,474,298)</u>	<u>1,581,825</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets	-	106,465	106,465	-
Issuance of lease	-	-	43,387	43,387
Issuances of SBITA	-	-	152,939	152,939
Insurance recoveries	<u>-</u>	<u>79,837</u>	<u>79,837</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>186,302</u>	<u>382,628</u>	<u>196,326</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (3,960,940)</u>	<u>\$ (3,869,821)</u>	<u>\$ (2,091,670)</u>	<u>\$ 1,778,151</u>
<b>FUND BALANCE, BEGINNING</b>			<u>21,022,129</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 18,930,459</u>	

The accompanying notes are an integral part of this schedule.

**WOOD COUNTY, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ROAD AND BRIDGE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,585,690	\$ 6,585,690	\$ 6,540,689	\$ (45,001)
Charges for services	554,000	632,733	656,840	24,107
Intergovernmental	-	211,837	211,837	-
Fines and forfeitures	339,000	339,000	324,532	(14,468)
Motor vehicle registration	<u>360,000</u>	<u>360,000</u>	<u>368,052</u>	<u>8,052</u>
Total revenues	<u>7,838,690</u>	<u>8,129,260</u>	<u>8,101,950</u>	<u>(27,310)</u>
<b>EXPENDITURES</b>				
Current:				
Public transportation	6,577,817	8,620,143	7,133,207	1,486,936
Capital outlay	<u>1,133,700</u>	<u>3,839,830</u>	<u>634,029</u>	<u>3,205,801</u>
Total expenditures	<u>7,711,517</u>	<u>12,459,973</u>	<u>7,767,236</u>	<u>4,692,737</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>127,173</u>	<u>(4,330,713)</u>	<u>334,714</u>	<u>4,665,427</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets	<u>-</u>	<u>189,444</u>	<u>189,444</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>189,444</u>	<u>189,444</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 127,173</u>	<u>\$ (4,141,269)</u>	<u>\$ 524,158</u>	<u>\$ 4,665,427</u>
<b>FUND BALANCE, BEGINNING</b>			<u>4,957,191</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 5,481,349</u>	

The accompanying notes are an integral part of this schedule.

**WOOD COUNTY, TEXAS**

NOTES TO BUDGETARY SCHEDULES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

**Budgetary Information**

The County uses the following procedures in establishing the budgetary data reflected in the financial schedules:

Prior to September 1, the Commissioners Court proposes an operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. Public hearings are conducted to obtain taxpayer comment.

Prior to adoption of the budget, the Commissioners' Court receives a certified tax roll from the Chief Appraiser and the Tax Assessor/Collector prepares the calculation of the no new revenue tax rate. The County Auditor prepares a schedule of estimated unencumbered fund balances. This information is used to determine the ad valorem tax rate which will produce the major portion of the revenue available for the budget year.

**Encumbrance Accounting**

The County does not use a formal encumbrance accounting system. At year-end, the Commissioners Court may take action to commit a portion of the fund balances for capital outlays and other specific expenditures that had been planned during the budget year, but were not completed at year-end. In addition, the County has a specific capital outlay carryover policy for the Road and Bridge Funds, which allows budgeted but unspent funds for machines and equipment at year-end to be carried over to the following budget year.

**Budgetary Basis**

Budgets are adopted on a basis consistent with generally accepted accounting principles.

**WOOD COUNTY, TEXAS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Plan Year Ended December 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Pension Liability</b>				
Service Cost	\$ 1,074,024	\$ 1,091,078	\$ 1,213,200	\$ 1,137,270
Interest total pension liability	2,516,316	2,663,459	2,781,400	2,960,274
Effect of plan changes	-	(223,831)	-	651,687
Effect of assumption changes or inputs	-	386,517	-	291,039
Effect of economic/demographic (gains) or losses	(76,235)	(563,579)	(221,687)	248,953
Benefit payments/refunds of contributions	(1,740,042)	(1,833,065)	(1,924,080)	(2,297,338)
Net change in total pension liability	1,774,063	1,520,579	1,848,833	2,991,885
Total pension liability - beginning	<u>31,392,153</u>	<u>33,166,216</u>	<u>34,686,795</u>	<u>36,535,628</u>
Total pension liability - ending (a)	<u>\$ 33,166,216</u>	<u>\$ 34,686,795</u>	<u>\$ 36,535,628</u>	<u>\$ 39,527,513</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 1,126,360	\$ 1,095,693	\$ 1,056,438	\$ 1,295,111
Member contributions	547,817	589,990	568,852	589,675
Investment income net of investment expenses	2,066,392	(32,988)	2,366,000	4,973,092
Benefit payments refunds of contributions	(1,740,042)	(1,833,065)	(1,924,080)	(2,297,339)
Administrative expenses	(24,057)	(23,122)	(25,766)	(25,700)
Other	<u>35,630</u>	<u>8,489</u>	<u>27,195</u>	<u>(5,771)</u>
Net change in plan fiduciary net position	2,012,100	(195,003)	2,068,639	4,529,068
Plan fiduciary net position - beginning	<u>30,230,141</u>	<u>32,242,241</u>	<u>32,047,238</u>	<u>34,115,877</u>
Plan fiduciary net position - ending (b)	<u>32,242,241</u>	<u>32,047,238</u>	<u>34,115,877</u>	<u>38,644,945</u>
Net pension liability (asset)- ending (a) - (b)	<u>\$ 923,975</u>	<u>\$ 2,639,557</u>	<u>\$ 2,419,751</u>	<u>\$ 882,568</u>
Fiduciary net position as a percentage of total pension liability	97%	93%	93%	98%
Pensionable covered payroll	\$ 7,825,953	\$ 8,428,427	\$ 8,126,464	\$ 8,423,934
Net pension liability as a percentage of covered payroll	12%	31%	30%	10%

Note: Information prior to 2014 is not available.

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	\$ 1,209,590	\$ 1,198,612	\$ 1,356,823	\$ 1,319,196	\$ 1,418,508
	3,216,918	3,387,301	3,572,365	3,694,457	3,855,092
	-	-	-	-	-
	-	-	2,678,640	(20,960)	-
	(103,863)	(40,435)	(521,960)	(276,381)	(421,513)
	(2,084,711)	(2,336,536)	(2,504,635)	(2,574,224)	(2,834,543)
	2,237,934	2,208,942	4,581,233	2,142,088	2,017,544
	<u>39,527,513</u>	<u>41,765,447</u>	<u>43,974,389</u>	<u>48,555,622</u>	<u>50,697,710</u>
	<u>\$ 41,765,447</u>	<u>\$ 43,974,389</u>	<u>\$ 48,555,622</u>	<u>\$ 50,697,710</u>	<u>\$ 52,715,254</u>
	\$ 1,135,994	\$ 1,298,426	\$ 1,383,332	\$ 1,317,180	\$ 1,479,610
	611,688	645,309	691,020	709,247	742,866
	(723,712)	6,166,510	4,470,358	10,321,740	(3,290,334)
	(2,084,712)	(2,336,536)	(2,504,635)	(2,574,224)	(2,834,543)
	(30,159)	(32,982)	(34,594)	(30,848)	(31,086)
	<u>(6,159)</u>	<u>(7,419)</u>	<u>(8,443)</u>	<u>(2,498)</u>	<u>(38,524)</u>
	(1,097,060)	5,733,308	3,997,038	9,740,597	(3,972,012)
	<u>38,644,945</u>	<u>37,547,885</u>	<u>43,281,193</u>	<u>47,278,231</u>	<u>57,018,828</u>
	<u>37,547,885</u>	<u>43,281,193</u>	<u>47,278,231</u>	<u>57,018,828</u>	<u>53,046,817</u>
	<u>\$ 4,217,562</u>	<u>\$ 693,195</u>	<u>\$ 1,277,391</u>	<u>\$ (6,321,118)</u>	<u>\$ (331,563)</u>
	90%	98%	98%	112%	101%
	\$ 8,738,393	\$ 9,218,700	\$ 9,871,721	\$ 10,132,107	\$ 10,612,372
	48%	8%	13%	-62%	-3%

**WOOD COUNTY, TEXAS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Fiscal Year Ended September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014	\$ 1,011,227	\$ 1,120,227	\$ (109,000)	\$ 7,608,237	15%
2015	1,050,128	1,050,128	-	8,077,908	13%
2016	1,049,737	1,049,737	-	8,074,900	13%
2017	1,087,312	1,087,312	-	8,363,939	13%
2018	1,121,123	1,221,123	(100,000)	8,623,999	14%
2019	1,174,928	1,174,928	-	9,037,915	13%
2020	1,267,406	1,367,406	(100,000)	9,749,275	14%
2021	1,308,749	1,408,749	(100,000)	10,067,261	14%
2022	1,403,441	1,503,441	(100,000)	10,795,669	14%
2023	1,451,817	1,551,817	(100,000)	11,167,823	14%

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

**WOOD COUNTY, TEXAS**

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Valuation Date</b>	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
<b>Actuarial Cost Method</b>	Entry age
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	4.1 years (based on contribution rate calculated in 12/31/2022 valuation)
<b>Asset Valuation Method</b>	5-year smoothed fair value
<b>Inflation</b>	2.5%
<b>Salary Increases</b>	Varies by age and service. 4.7% average over career including inflation.
<b>Investment Rate of Return</b>	7.5%, net of administrative and investment expenses, including inflation
<b>Retirement Age</b>	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<b>Mortality</b>	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.
<b>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions</b>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected in the Schedule.
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 200% 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.



**WOOD COUNTY, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
RETIREE HEALTH CARE BENEFIT PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Measurement Date September 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total OPEB liability</b>						
Service cost	\$ 98,896	\$ 102,911	\$ 102,911	\$ 148,700	\$ 148,700	\$ 91,400
Interest on the total OPEB liability	88,307	87,112	93,544	74,792	76,816	134,669
Difference between expected and actual experience	-	-	(56,061)	-	823,310	-
Changes of assumptions and other inputs	-	-	985,139	-	(1,466,550)	-
Benefit payments	<u>(117,732)</u>	<u>(117,732)</u>	<u>(151,273)</u>	<u>(151,273)</u>	<u>(115,792)</u>	<u>(115,792)</u>
Net change in total OPEB liability	<u>69,471</u>	<u>72,291</u>	<u>974,260</u>	<u>72,219</u>	<u>(533,516)</u>	<u>110,277</u>
Total OPEB liability - beginning	<u>2,135,010</u>	<u>2,204,481</u>	<u>2,276,772</u>	<u>3,251,032</u>	<u>3,323,251</u>	<u>2,789,735</u>
Total OPEB liability - ending	<u>\$2,204,481</u>	<u>\$2,276,772</u>	<u>\$3,251,032</u>	<u>\$3,323,251</u>	<u>\$2,789,735</u>	<u>\$2,900,012</u>
<b>Covered-employee payroll</b>	\$7,920,728	\$7,920,728	\$9,094,324	\$9,094,324	\$9,690,915	\$9,690,915
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	27.8%	28.7%	35.7%	36.5%	28.8%	29.9%

**Notes to Schedule:**

- This schedule is required to have 10 years of information, but the information prior to 2018 is not available.

## **COMBINING STATEMENTS**

## **NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds are used to account for the proceeds of specified revenue sources or to finance specified activities as required by law or administrative regulation.

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

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

	Special Revenue				
	County Clerk Records Management and Preservation	County Clerk Records Archive	General Records Management and Preservation	Courthouse Security	Right of Way
<b>ASSETS</b>					
Cash and investments	\$ 920,088	\$ 651,319	\$ 46,251	\$ 107,600	\$ 903,190
Prepaid items	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>920,093</u>	<u>651,319</u>	<u>46,251</u>	<u>107,600</u>	<u>903,190</u>
<b>LIABILITIES</b>					
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	5	-	-	-	-
Restricted:					
Debt service	-	-	-	-	-
Public safety	-	-	-	-	-
Judicial	-	-	-	-	-
Record preservation	920,088	651,319	46,251	-	-
Technology improvements	-	-	-	107,600	-
Economic development	-	-	-	-	-
Committed:					
Property acquisitions	-	-	-	-	903,190
Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>920,093</u>	<u>651,319</u>	<u>46,251</u>	<u>107,600</u>	<u>903,190</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 920,093</u>	<u>\$ 651,319</u>	<u>\$ 46,251</u>	<u>\$ 107,600</u>	<u>\$ 903,190</u>

Special Revenue

Law Library	Sheriff Forfeiture	Hotel/ Motel Tax	Tobacco Settlement	Crime Victim Service	Justice Court Technology	District Clerk Records Management	Criminal District Attorney Special	JP Building Security
\$ 143,235	\$ 7,416	\$ 450,576	\$ 135,563	\$ 5,709	\$ 52,301	\$ 35,705	\$ 36,388	\$ 3,420
<u>-</u>	<u>-</u>	<u>6,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>
<u>143,235</u>	<u>7,416</u>	<u>457,176</u>	<u>135,563</u>	<u>5,709</u>	<u>52,301</u>	<u>35,709</u>	<u>36,388</u>	<u>3,420</u>
<u>614</u>	<u>-</u>	<u>4,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>614</u>	<u>-</u>	<u>4,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	6,600	-	-	-	4	-	-
-	-	-	-	-	-	-	-	-
-	7,416	970	-	-	-	-	-	-
142,621	-	-	-	5,709	-	-	36,388	-
-	-	-	-	-	-	35,705	-	-
-	-	-	-	-	52,301	-	-	3,420
-	-	444,741	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>135,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>142,621</u>	<u>7,416</u>	<u>452,311</u>	<u>135,563</u>	<u>5,709</u>	<u>52,301</u>	<u>35,709</u>	<u>36,388</u>	<u>3,420</u>
<u>\$ 143,235</u>	<u>\$ 7,416</u>	<u>\$ 457,176</u>	<u>\$ 135,563</u>	<u>\$ 5,709</u>	<u>\$ 52,301</u>	<u>\$ 35,709</u>	<u>\$ 36,388</u>	<u>\$ 3,420</u>

**WOOD COUNTY, TEXAS**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue				
	Elections Special	Guardianship	County Clerk Technology	District Clerk Technology	District Clerk Records Archive
<b>ASSETS</b>					
Cash and investments	\$ 49,921	\$ 92,874	\$ 10,651	\$ 28,378	\$ 1,899
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>49,921</u>	<u>92,874</u>	<u>10,651</u>	<u>28,378</u>	<u>1,899</u>
<b>LIABILITIES</b>					
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted:					
Debt service	-	-	-	-	-
Public safety	-	-	-	-	-
Judicial	49,921	92,874	-	-	-
Record preservation	-	-	-	-	1,899
Technology improvements	-	-	10,651	28,378	-
Economic development	-	-	-	-	-
Committed:					
Property acquisitions	-	-	-	-	-
Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>49,921</u>	<u>92,874</u>	<u>10,651</u>	<u>28,378</u>	<u>1,899</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 49,921</u>	<u>\$ 92,874</u>	<u>\$ 10,651</u>	<u>\$ 28,378</u>	<u>\$ 1,899</u>

Special Revenue				Debt Service	Total Nonmajor Governmental Funds
District Clerk Records Preservation	Constable Forfeiture	Texas Community Development Grant (CDBG)	Total Special Revenue	Interest and Sinking	
\$ 1,754	\$ 1,312	\$ -	\$ 3,685,550	\$ 70,501	\$ 3,756,051
-	-	-	6,609	-	6,609
<u>1,754</u>	<u>1,312</u>	<u>-</u>	<u>3,692,159</u>	<u>70,501</u>	<u>3,762,660</u>
-	134	-	5,613	-	5,613
-	<u>134</u>	-	<u>5,613</u>	-	<u>5,613</u>
-	-	-	6,609	-	6,609
-	-	-	-	70,501	70,501
-	1,178	-	9,564	-	9,564
-	-	-	327,513	-	327,513
1,754	-	-	1,657,016	-	1,657,016
-	-	-	202,350	-	202,350
-	-	-	444,741	-	444,741
-	-	-	903,190	-	903,190
-	-	-	135,563	-	135,563
<u>1,754</u>	<u>1,178</u>	<u>-</u>	<u>3,686,546</u>	<u>70,501</u>	<u>3,757,047</u>
\$ <u>1,754</u>	\$ <u>1,312</u>	\$ <u>-</u>	\$ <u>3,692,159</u>	\$ <u>70,501</u>	\$ <u>3,762,660</u>

**WOOD COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue				
	County Clerk Records Management and Preservation	County Clerk Records Archive	General Records Management and Preservation	Courthouse Security	Right of Way
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 299
Charges for services	137,039	122,440	7,098	38,065	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	17,121	10,634	822	1,803	16,377
Other	-	-	-	-	-
Total revenues	<u>154,160</u>	<u>133,074</u>	<u>7,920</u>	<u>39,868</u>	<u>16,676</u>
<b>EXPENDITURES</b>					
Current:					
General government	217,762	-	-	-	-
Public safety	-	-	659	24,149	-
Judicial	-	-	7,000	-	-
Community Services	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt service:					
Principal	28,788	-	-	-	-
Total expenditures	<u>246,550</u>	<u>-</u>	<u>7,659</u>	<u>24,149</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(92,390)	133,074	261	15,719	16,676
<b>OTHER FINANCING SOURCES</b>					
Insurance recoveries	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(92,390)	133,074	261	15,719	16,676
<b>FUND BALANCES, BEGINNING</b>	<u>1,012,483</u>	<u>518,245</u>	<u>45,990</u>	<u>91,881</u>	<u>886,514</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 920,093</u>	<u>\$ 651,319</u>	<u>\$ 46,251</u>	<u>\$ 107,600</u>	<u>\$ 903,190</u>



Special Revenue

Law Library	Sheriff Forfeiture	Hotel/ Motel Tax	Tobacco Settlement	Crime Victim Service	Justice Court Technology	District Clerk Records Management	Criminal District Attorney Special	JP Building Security
\$ -	\$ -	\$ 172,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30,802	-	-	-	-	5,500	19,951	21,597	1,659
-	-	-	-	-	-	-	-	-
-	1,236	-	-	-	-	-	-	-
2,328	-	8,454	-	103	981	505	69	50
-	-	-	-	280	-	-	-	-
<u>33,130</u>	<u>1,236</u>	<u>180,691</u>	<u>-</u>	<u>383</u>	<u>6,481</u>	<u>20,456</u>	<u>21,666</u>	<u>1,709</u>
-	-	158,702	-	-	-	12	-	-
-	1,141	-	-	-	-	-	-	3,501
3,594	-	-	-	92	8,730	7,598	10,289	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,594</u>	<u>1,141</u>	<u>159,672</u>	<u>-</u>	<u>92</u>	<u>8,730</u>	<u>7,610</u>	<u>10,289</u>	<u>3,501</u>
29,536	95	21,019	-	291	(2,249)	12,846	11,377	(1,792)
-	-	-	9,989	-	-	-	-	-
-	-	-	9,989	-	-	-	-	-
29,536	95	21,019	9,989	291	(2,249)	12,846	11,377	(1,792)
<u>113,085</u>	<u>7,321</u>	<u>431,292</u>	<u>125,574</u>	<u>5,418</u>	<u>54,550</u>	<u>22,863</u>	<u>25,011</u>	<u>5,212</u>
<u>\$ 142,621</u>	<u>\$ 7,416</u>	<u>\$ 452,311</u>	<u>\$ 135,563</u>	<u>\$ 5,709</u>	<u>\$ 52,301</u>	<u>\$ 35,709</u>	<u>\$ 36,388</u>	<u>\$ 3,420</u>

**WOOD COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue				
	Elections Special	Guardianship	County Clerk Technology	District Clerk Technology	District Clerk Records Archive
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	10,800	636	972	559
Intergovernmental	5,578	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	1,830	1,582	187	507	31
Other	-	-	-	-	-
Total revenues	<u>7,408</u>	<u>12,382</u>	<u>823</u>	<u>1,479</u>	<u>590</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Judicial	-	-	-	-	-
Community Services	-	-	-	-	-
Capital Outlay	56,022	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Total expenditures	<u>56,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(48,614)	12,382	823	1,479	590
<b>OTHER FINANCING SOURCES</b>					
Insurance recoveries	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(48,614)	12,382	823	1,479	590
<b>FUND BALANCES, BEGINNING</b>	<u>98,535</u>	<u>80,492</u>	<u>9,828</u>	<u>26,899</u>	<u>1,309</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 49,921</u>	<u>\$ 92,874</u>	<u>\$ 10,651</u>	<u>\$ 28,378</u>	<u>\$ 1,899</u>

Special Revenue			Debt Service		Total Nonmajor Governmental Funds
District Clerk Records Preservation	Constable Forfeiture	Texas Community Development Grant (CDBG)	Total Special Revenue	Interest and Sinking	
\$ -	\$ -	\$ -	\$ 172,536	\$ 586	\$ 173,122
366	-	-	397,484	-	397,484
-	-	31,564	37,142	-	37,142
-	-	-	1,236	-	1,236
30	24	-	63,438	2,956	66,394
-	-	-	280	-	280
<u>396</u>	<u>24</u>	<u>31,564</u>	<u>672,116</u>	<u>3,542</u>	<u>675,658</u>
-	-	-	376,476	-	376,476
-	135	9,800	39,385	-	39,385
-	-	-	37,303	-	37,303
-	-	21,764	21,764	-	21,764
-	-	-	56,022	-	56,022
-	-	-	29,758	-	29,758
<u>-</u>	<u>135</u>	<u>31,564</u>	<u>560,708</u>	<u>-</u>	<u>560,708</u>
396	(111)	-	111,408	3,542	114,950
-	-	-	9,989	-	9,989
-	-	-	9,989	-	9,989
396	(111)	-	121,397	3,542	124,939
<u>1,358</u>	<u>1,289</u>	<u>-</u>	<u>3,565,149</u>	<u>66,959</u>	<u>3,632,108</u>
<u>\$ 1,754</u>	<u>\$ 1,178</u>	<u>\$ -</u>	<u>\$ 3,686,546</u>	<u>\$ 70,501</u>	<u>\$ 3,757,047</u>

## **CUSTODIAL FUNDS**

**WOOD COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

SEPTEMBER 30, 2023

	Wood County Historical Commission	County Clerk	District Clerk	Justices of the Peace
<b>ASSETS</b>				
Cash and investments	\$ 53,670	\$ 228,972	\$ 1,361,501	\$ -
Accounts receivable	-	-	-	-
Prepays	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>53,870</u>	<u>228,972</u>	<u>1,361,501</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	123	219,512	640,409	4,078
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>123</u>	<u>219,512</u>	<u>640,409</u>	<u>4,078</u>
<b>NET POSITION</b>				
Restricted for Individuals, Organizations, and Other Governments	<u>53,747</u>	<u>9,460</u>	<u>721,092</u>	<u>(4,078)</u>
Total Net Position	<u>\$ 53,747</u>	<u>\$ 9,460</u>	<u>\$ 721,092</u>	<u>\$ (4,078)</u>

Criminal District Attorney	Tax Collector	Sheriff	Child Welfare Board	Wood County CSCD	County Juvenile Probation	Totals
\$ 22,169	\$ 925,861	\$ 197,104	\$ 9,371	\$ 242,334	\$ -	\$ 3,040,982
-	840	-	-	-	-	840
-	-	-	-	-	-	200
<u>22,169</u>	<u>926,701</u>	<u>197,104</u>	<u>9,371</u>	<u>242,334</u>	<u>-</u>	<u>3,042,022</u>
3,113	263,523	183,754	10,348	14,729	17,474	1,357,063
-	385,016	-	-	-	-	385,016
<u>3,113</u>	<u>648,539</u>	<u>183,754</u>	<u>10,348</u>	<u>14,729</u>	<u>17,474</u>	<u>1,742,079</u>
19,056	278,162	13,350	(977)	227,605	(17,474)	1,299,943
<u>\$ 19,056</u>	<u>\$ 278,162</u>	<u>\$ 13,350</u>	<u>\$ (977)</u>	<u>\$ 227,605</u>	<u>\$ (17,474)</u>	<u>\$ 1,299,943</u>

**WOOD COUNTY, TEXAS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Wood County Historical Commission	County Clerk	District Clerk	Justices of the Peace
<b>ADDITIONS</b>				
Taxes and fees collected on behalf of other government	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Bonds received	-	-	-	-
Interest earnings	1,018	-	-	-
Protection board	-	-	-	-
Taxes sales	-	10	1,621	-
Civil registry	-	19,983	45,779	16,404
Criminal collections	-	26,097	24,295	127,692
Due to others	-	2,010	4,292	44,286
Trust	-	21,258	761,352	-
Hot checks	-	-	-	-
Miscellaneous	5,092	-	-	-
	<u>6,110</u>	<u>69,358</u>	<u>837,339</u>	<u>188,382</u>
Total additions				
<b>DEDUCTIONS</b>				
Taxes and fees collected on behalf of state comptroller	-	-	-	-
Disbursements on behalf of contracting entities	-	-	-	-
General operating	-	-	-	-
Corrections project	-	-	-	-
Bonds returned	-	-	-	-
Credit card fees	-	10	1,721	-
Services and supplies	5,171	2,066	4,437	44,884
Children provisions	-	-	-	-
Civil registry fees	-	20,034	46,326	16,988
Criminal fees	-	26,294	23,811	132,123
Trust fees	-	14,000	1,677,995	-
Hot check fees	-	-	-	-
Miscellaneous	-	-	-	-
	<u>5,171</u>	<u>62,404</u>	<u>1,754,290</u>	<u>193,995</u>
Total Deductions				
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	939	6,954	(916,951)	(5,613)
<b>NET POSITION, BEGINNING</b>	<u>52,808</u>	<u>2,506</u>	<u>1,638,043</u>	<u>1,535</u>
<b>NET POSITION, ENDING</b>	<u>\$ 53,747</u>	<u>\$ 9,460</u>	<u>\$ 721,092</u>	<u>\$ (4,078)</u>

Criminal District Attorney	Tax Collector	Sheriff	Child Welfare Board	Wood County CSCD	County Juvenile Probation	Totals
\$ -	\$ 54,671,971	\$ -	\$ -	\$ -	\$ -	\$ 54,671,971
-	-	-	-	557,866	242,758	800,624
-	-	43,715	-	-	-	43,715
-	-	-	-	-	-	1,018
-	-	-	20,325	-	-	20,325
-	-	-	-	-	-	1,631
-	-	-	-	-	-	82,166
-	-	-	-	-	-	178,084
-	-	-	-	-	-	50,588
14,732	-	-	-	-	-	797,342
245	-	-	-	-	-	245
-	-	-	5,080	-	-	10,172
<u>14,977</u>	<u>54,671,971</u>	<u>43,715</u>	<u>25,405</u>	<u>557,866</u>	<u>242,758</u>	<u>56,657,881</u>
-	13,079,602	-	-	-	-	13,079,602
-	41,358,275	-	-	-	-	41,358,275
-	-	-	-	461,585	241,208	702,793
-	-	-	-	73,892	-	73,892
-	-	43,715	-	-	-	43,715
-	-	-	-	-	-	1,731
-	-	-	-	-	2,012	58,570
-	-	-	26,158	-	-	26,158
-	-	-	-	-	-	83,348
-	-	-	-	-	-	182,228
4,461	-	-	-	-	-	1,696,456
496	-	-	-	-	-	496
-	1,134	-	-	-	-	1,134
<u>4,957</u>	<u>54,439,011</u>	<u>43,715</u>	<u>26,158</u>	<u>535,477</u>	<u>243,220</u>	<u>57,308,398</u>
10,020	232,960	-	(753)	22,389	(462)	(650,517)
<u>9,036</u>	<u>45,202</u>	<u>13,350</u>	<u>(224)</u>	<u>205,216</u>	<u>(17,012)</u>	<u>1,950,460</u>
<u>\$ 19,056</u>	<u>\$ 278,162</u>	<u>\$ 13,350</u>	<u>\$ (977)</u>	<u>\$ 227,605</u>	<u>\$ (17,474)</u>	<u>\$ 1,299,943</u>



## **COMPLIANCE SECTION**

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

Honorable County Judge  
And Commissioners' Court  
Wood County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood County, Texas (the "County"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas  
June 27, 2024

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

Honorable County Judge  
And Commissioners' Court  
Wood County

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

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

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

Waco, Texas  
June 27, 2024

**WOOD COUNTY, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Grantor/Pass-through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor's ID Number</u>	<u>Expenditures</u>	<u>Pass Through Expenditures</u>
<b><u>FEDERAL PROGRAMS</u></b>				
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through Texas Department of Agriculture:				
Community Development Block Grant	14.228	7220520	\$ 31,564	-
Total passed through Texas Department of Agriculture			<u>31,564</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>31,564</u>	<u>-</u>
<b><u>U.S. Department of Justice</u></b>				
Direct Programs:				
State Criminal Alien Assistance Program (SCAAP)	16.606	O-BJA-2023-171698	<u>14,362</u>	-
Total Direct Programs			<u>14,362</u>	<u>-</u>
Total U.S. Department of Justice			<u>14,362</u>	<u>-</u>
<b><u>U.S. Department Of Treasury</u></b>				
Passed through Texas Division of Emergency Management:				
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027	N/A	<u>1,201,238</u>	-
Total passed through Texas Division of Emergency Management			<u>1,201,238</u>	<u>-</u>
Total U.S. Department Of Treasury			<u>1,201,238</u>	<u>-</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>				
Passed through the Texas Department of Family & Protective Services:				
Title IV-E: Foster Care Maintenance	93.658	HHS000285000039	<u>4,420</u>	-
Total passed through Texas Department of Family & Protective Services			<u>4,420</u>	<u>-</u>
Total U.S. Department of Health & Human Services			<u>4,420</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ <u>1,251,584</u>	\$ <u>-</u>

## **WOOD COUNTY, TEXAS**

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

#### **Basis of Accounting**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **Basis of Presentation**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of the County. The County's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

#### **Indirect Costs**

The County has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

**WOOD COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Summary of Auditor's Results**

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of Uniform Guidance?	None
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Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster:</u>
21.027	COVID-19 - Coronavirus State & Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B federal programs	\$750,000
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Auditee qualified as low-risk auditee for federal single audit?	No
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**Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None



**WOOD COUNTY, TEXAS**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

None