

PALO PINTO COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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FINANCIAL SECTION



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Independent Auditor's Report

To The Honorable County Judge and County Commissioners
Palo Pinto County, Texas

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Qualified Opinions on Governmental Activities and General Fund

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

Unmodified Opinions on American Rescue Plan Fund, Annex Capital Improvement Fund and the Aggregate Remaining Fund Information

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

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Palo Pinto County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions.

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

As fully described in Note 13 to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2023 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables should be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, Schedule of Employer Pension Contributions – Texas County and District Retirement System, Schedule of Changes in Total Other Post-Employment Benefit (OPEB) Liability and Related Ratios – Texas County and District Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios – Palo Pinto County Retiree Health Care Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying other supplementary information comprised of combining and individual fund financial statements (C Exhibits) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 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 other supplementary information comprised of the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
April 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Palo Pinto County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2023 by \$37,799,531 (net position). Of this amount, \$19,874,640 is unrestricted and may be used to meet the County's obligations.
- During the year, the County's total net position increased by \$6,037,723. The County's expenses, which totaled \$18,227,265, were more than the County's program revenues of \$4,016,403 and general revenues of \$20,183,939 and prior period adjustment increase of \$64,646 to net position for GASB 96 implementation.
- The total cost of the County's programs increased \$1,326,201 or 8% from the prior year.
- The governmental funds reported a fund balance this year of \$27,574,872, which is an increase of \$5,333,012 in comparison with the prior year.
- At September 30, 2023, the unassigned fund balance of the General Fund was \$19,627,356, or 109% of the total General Fund expenditures for the year then ended.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The government-wide financial statements are designed to provide readers 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 deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

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

Fund Financial Statements

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

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

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

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

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

The proprietary fund is used to account for operations that are financed similar to those in the private sector. This fund provides both long- and short-term financial information. The County maintains only one type of proprietary fund, the internal service fund. The internal service fund is a device used to accumulate and allocate costs internally among the various functions. The County uses the internal service fund to report the activities for its Health Reimbursement Arrangement (HRA) Plan used to reimburse eligible County employees for the cost of certain eligible medical expenses incurred by them, their spouses and eligible dependents.

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

Notes to the Basic Financial Statements

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

Other Information

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

Government-wide Financial Analysis

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

Table 1 - County's Net Position

	Governmental Activities			
	2023	2022	\$ Change	% Change
Current assets	\$ 34,918,052	\$ 29,311,816	\$ 5,606,236	19%
Long-term assets	17,057,551	20,221,036	(3,163,485)	-16%
Total Assets	51,975,603	49,532,852	2,442,751	5%
Deferred Outflows of Resources	2,777,693	2,279,764	497,929	22%
Current liabilities	6,680,978	6,400,822	280,156	4%
Noncurrent liabilities	8,344,844	5,923,235	2,421,609	41%
Total Liabilities	15,025,822	12,324,057	2,701,765	22%
Deferred Inflows of Resources	1,927,943	7,726,751	(5,798,808)	-75%
Net position:				
Net investment in capital assets	15,089,579	14,996,677	92,902	1%
Restricted	2,835,312	2,497,210	338,102	14%
Unrestricted	19,874,640	14,267,921	5,606,719	39%
Total Net Position	\$ 37,799,531	\$ 31,761,808	\$ 6,037,723	19%

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$15,089,579. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$2,835,312, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$19,874,640 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were \$24,200,342. A significant portion, 62%, of the County's revenue comes from property taxes. Charges for services accounted for 14% of the County's revenue. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2023 and 2022 for the County's *governmental activities*.

Table 2 - County's Revenues

	Governmental Activities			
	2023	Percent	2022	Percent
Charges for services	\$ 3,419,904	14%	\$ 3,526,837	16%
Operating grants and contributions	399,685	2%	398,178	2%
Capital grants and contributions	196,814	1%	295,431	1%
Property taxes	14,971,722	62%	13,991,228	67%
Sales taxes	2,663,520	11%	2,344,725	11%
Hotel/motel taxes	259,294	1%	286,678	1%
Mixed beverage taxes	85,391	0%	82,448	0%
Investment earnings	1,550,888	6%	258,984	1%
Miscellaneous	653,124	3%	262,988	1%
Total Revenues	\$ 24,200,342	100%	\$ 21,447,497	100%

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2023 and 2022 for the County's *governmental activities*.

Table 3 - County's Expenses

	Governmental Activities			
	2023	Percent	2022	Percent
General Government	\$ 5,001,117	28%	\$ 4,237,279	25%
Administration of Justice	2,477,445	14%	2,248,093	13%
Public Safety	3,541,441	19%	3,350,014	20%
Corrections and Rehabilitation	2,808,440	15%	2,755,324	16%
Health and Human Services	262,164	1%	298,805	2%
Community and Economic Development	465,128	3%	427,384	3%
Infrastructure and Environmental Services	3,671,047	20%	3,583,682	21%
Debt service	483	0%	483	0%
Total Expenses	\$ 18,227,265	100%	\$ 16,901,064	100%

Governmental Activities

Table 4 presents the various revenue categories and gross costs of each of the County's functional areas for both the current and prior year. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

Table 4 - Changes in Net Position

	Governmental Activities			
	2023	2022	\$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	\$ 3,419,904	\$ 3,526,837	\$ (106,933)	-3%
Operating grants and contributions	399,685	398,178	1,507	0%
Capital grants and contributions	196,814	295,431	(98,617)	-33%
General revenues:				
Property taxes	14,971,722	13,991,228	980,494	7%
Sales taxes	2,663,520	2,344,725	318,795	14%
Hotel/motel taxes	259,294	286,678	(27,384)	-10%
Mixed beverage taxes	85,391	82,448	2,943	4%
Investment earnings	1,550,888	258,984	1,291,904	499%
Miscellaneous	653,124	262,988	390,136	148%
Total revenues	<u>24,200,342</u>	<u>21,447,497</u>	<u>2,752,845</u>	<u>13%</u>
Expenses				
General Government	5,001,117	4,237,279	763,838	18%
Administration of Justice	2,477,445	2,248,093	229,352	10%
Public Safety	3,541,441	3,350,014	191,427	6%
Corrections and Rehabilitation	2,808,440	2,755,324	53,116	2%
Health and Human Services	262,164	298,805	(36,641)	-12%
Community and Economic Development	465,128	427,384	37,744	9%
Infrastructure and Environmental Services	3,671,047	3,583,682	87,365	2%
Debt service	483	483	-	0%
Total expenses	<u>18,227,265</u>	<u>16,901,064</u>	<u>1,326,201</u>	<u>8%</u>
Change in net position	<u>\$ 5,973,077</u>	<u>\$ 4,546,433</u>	<u>\$ 1,426,644</u>	<u>31%</u>

- Property taxes increased \$980,494 or 7% due to an increase in the tax values offset somewhat by a decrease in the tax rate.
- Investment earnings increased \$1,291,904 or 499% due to a significant increase in interest rates during the year.
- General government expenses increased \$763,838 or 18% due to a general increase in costs from inflation and a decline in the GASB 68 expense adjustment from a reduction in expense by \$292,699 in the prior year to a reduction in expense by \$152,502 in the current year.

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

Table 5 - Net Cost of County Functions

	Governmental Activities			
	2023	Percent	2022	Percent
General Government	\$ 3,202,165	23%	\$ 2,254,832	18%
Administration of Justice	1,762,837	12%	1,391,350	11%
Public Safety	3,246,478	23%	3,145,830	26%
Corrections and Rehabilitation	2,663,509	19%	2,583,263	20%
Health and Human Services	262,164	2%	298,805	2%
Community and Economic Development	457,458	3%	425,029	3%
Infrastructure and Environmental Services	2,636,495	19%	2,581,026	20%
Debt service	(20,244)	0%	483	0%

Financial Analysis of the County's Funds

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

Governmental Funds

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

As of September 30, 2023, the County's governmental funds reported a combined ending fund balance of \$27,574,872, an increase of \$5,333,012 from the previous year amount. Table 6 illustrates the fund balances of the governmental funds.

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

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Totals
Nonspendable	\$ 485,429	\$ -	\$ -	\$ -	\$ 485,429
Restricted	17,957	315,840	-	2,501,163	2,834,960
Committed	7,145	-	2,510,183	641,778	3,159,106
Assigned	1,468,021	-	-	-	1,468,021
Unassigned	19,627,356	-	-	-	19,627,356
Total Fund Balances	\$ 21,605,908	\$ 315,840	\$ 2,510,183	\$ 3,142,941	\$ 27,574,872

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$21,605,908, of which \$485,429 was nonspendable, \$17,957 was restricted, \$7,145 was committed, \$1,468,021 was assigned, and \$19,627,356 was unassigned. The total unassigned fund balance represents 109% of the total General Fund expenditures for the year ended September 30, 2023. The total fund balance increased \$3,845,567 in the current fiscal year.

Revenues totaled \$22,740,360, an increase of \$2,630,513 or 13% over the preceding year. Most of the revenues did not materially fluctuate between years, except for property taxes, sales taxes, interest earned and other revenues. Property taxes increased \$960,885 due to an increase in the tax values offset somewhat by a decrease in the tax rate. Sales taxes increased \$318,795 mostly due to improved economy and online purchases being taxed. Interest increased \$918,517 due to higher interest rates in the current year. Other revenues increased \$445,240 mostly due to insurance proceeds for hail damage to the jail in the prior year.

Expenditures totaled \$18,032,705, an increase of \$1,460,118 or 9% over the preceding year. Most expenditures did not materially fluctuate between years, except for general operations and road and bridge precinct four. General operations expenditures increased \$1,136,536 due to \$830,363 of subscription assets purchased and \$191,923 of subscription principal payments in the current year that was the first year to implement GASB 96. Road and bridge precinct four expenditures increased \$193,903 due to additional capital purchases in the current year (road widener and bobcat loader) along with materials needed for additional maintenance projects in the current year.

Other financing sources and uses decreased from net other uses of \$1,423,566 in the prior year to net other uses of \$862,088 in the current year due to an increase in other sources due to more subscription liability issuance in the current year than right-to-use leases issued in the prior year offset somewhat by an increase in transfers out in the current year.

American Rescue Plan Fund

At the end of the current fiscal year, the ending fund balance for the American Rescue Plan Fund was a \$315,840 which was all restricted to the American Rescue Plan grant. The total fund balance increased \$267,099 in the current fiscal year.

Revenues totaled \$267,099, an increase of \$221,975 or 492% over the preceding year. The increase is all from increased interest income which increased due to additional grant funds received at the end of the prior year and higher interest rates in the current year.

The fund had no expenditures in the current or prior year because none of the grant funds have been expended.

There were no other financing sources or uses in the current or prior year.

Annex Capital Improvement Fund

At the end of the current fiscal year, the ending fund balance for the Annex Capital Improvement Fund was \$2,510,183, which was committed to the annex improvement project. The total fund balance increased \$1,040,781 in the current fiscal year.

Revenues totaled \$55,899, an increase of \$42,164 or 307% over the preceding year. The increase is all from increased interest income which increased due to higher interest rates in the current year.

Expenditures totaled \$515,118, a decrease of \$263,956 or 34%. The decrease relates to fewer purchases of annex improvement project capital items in the current year than in the prior year.

Other financing sources and uses was other sources of \$1,500,000 in both years from transfers in.

Other Governmental Funds

Other governmental funds consist of various special revenue funds, debt service funds and capital project funds. The total ending fund balance was \$3,142,941, an increase of \$179,565 from the previous year. The fund balance was restricted to general government \$1,388,501, administration of justice \$337,962, public safety \$111,857, corrections and rehabilitations \$70,806, community and economic development \$183,583 and infrastructure and environmental services \$408,454. The fund balance was committed to health and human services \$5,088 and infrastructure and environmental services \$636,690.

Revenues totaled \$1,140,670, a decrease of \$142,584 or 11%. Most of the revenues did not materially fluctuate between years, except for federal and state grants and interest earned. Federal and state grants decreased \$166,794 due to the net of HAVA grant funding ending in the prior year offset somewhat by new CETRZ and OPIOID Settlement funding in the current year. Interest earned increased \$108,954 due to additional funds and higher interest rates in the current year.

Expenditures totaled \$1,203,924, a decrease of \$10,118 or 1%. Most expenditures did not materially fluctuate between years, except for election administration and road and bridge precincts one, two, three and four. Election administration expenditures decreased \$225,451 due to HAVA grant funding ending in the prior year. Road and bridge precincts one, two, three and four increased in total by \$104,624 due to CETRZ grant funding in the current year.

Other financing sources and uses increased from other sources of \$106,403 in the prior year to other sources of \$242,819 in the current year due to additional current year transfers in.

General Fund Budgetary Highlights

The County revised its budget during the year. With these adjustments, total expenditures were \$1,987,995 less than the final budget amounts. The County exceeded the budgeted expenditures in one area. General operations expenditures were over-expended by \$192,112 because the budget was not amended for the expenditures for subscription assets.

On the other hand, revenues were \$2,739,755 more than the final budgeted amount. Property taxes, sales taxes, interest earned, and other revenue variances were by significant amounts. The actual revenue of each category was more budgeted due to conservative budgeting and were not increased during the year. Property taxes was \$559,020 above the final budgeted amount, sales taxes was \$663,520 above the final budget amount, interest earned was \$933,584 above the final budgeted amount, and other revenue was \$555,076 above the final budgeted amount.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the County had invested in a broad range of capital assets totaling \$17,057,552, net of accumulated depreciation, including land, buildings and improvements, equipment, vehicles, infrastructure, right-to-use leased buildings and improvements, right-to-use leased equipment, subscription assets, and construction in progress. See Table 7 below.

Table 7 - Capital Assets, Net

	2023	2022	\$ Change	% Change
Land	\$ 730,380	\$ 654,080	\$ 76,300	12%
Buildings and improvements	5,567,792	3,286,269	2,281,523	69%
Equipment	3,423,969	3,463,631	(39,662)	-1%
Vehicles	837,732	877,439	(39,707)	-5%
Infrastructure	5,011,898	5,186,435	(174,537)	-3%
Right-to-use leased buildings and improvements	364,025	388,713	(24,688)	-6%
Right-to-use leased equipment	6,917	13,834	(6,917)	-50%
Subscription assets	963,298	-	963,298	N/A
Construction in progress	151,541	2,558,639	(2,407,098)	-94%
Totals	\$17,057,552	\$16,429,040	\$ 628,512	4%

Capital assets, net of accumulated depreciation, increased \$628,512 or 4% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2023, the County had \$2,256,509 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2023	2022	\$ Change	% Change
Certificates of obligation	\$ 320,000	\$ 365,000	\$ (45,000)	-12%
Note payable	266,000	294,000	(28,000)	-10%
Lease financing payables	191,511	358,839	(167,328)	-47%
Right-to-use lease liabilities	393,317	414,524	(21,207)	-5%
Subscription liabilities	797,144	-	797,144	N/A
Compensated absences	288,537	294,142	(5,605)	-2%
Totals	\$ 2,256,509	\$ 1,726,505	\$ 530,004	31%

Total long-term obligations increased \$530,004 or 31%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The property tax revenues budgeted in the 2023-24 budget is \$15,815,755, an increase \$1,415,001, or 9%, from the prior year. The overall tax rate is \$.30497 per \$100 valuation, which is the same as the prior year.

Revenues budgeted in the General Fund's budget are \$21,830,917, a decrease of \$909,443, or 4%, from the final 2022-23 revenues of \$22,740,360.

Expenditures budgeted in the General Fund are \$21,183,359, an increase of \$3,150,654, or 17%, from the 2022-23 expenditures of \$18,032,705. The County does not anticipate any new programs or projects being added in 2023-24.

Transfers out to other funds are anticipated to be \$2,039,372, an increase of \$236,553, or 13%, from the prior year transfers out of \$1,802,819.

If these estimates are realized, the County's General Fund's fund balance is expected to decrease by \$1,391,814 by September 30, 2024.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

PALO PINTO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities
Assets	
Cash	\$ 14,596,982
Investments	18,186,396
Receivables:	
Property taxes, net	332,262
Sales taxes	458,121
Occupancy taxes	91,559
Accounts	269,403
Right-to-use leases receivable	288,596
Due from fiduciary	209,304
Prepaid expenses	398,834
Inventory	86,595
Capital assets, not being depreciated	881,921
Capital assets being depreciated, net	16,175,630
Total assets	<u>51,975,603</u>
Deferred Outflows of Resources	
Pension plan related	2,513,639
OPEB related	264,054
Total deferred outflows of resources	<u>2,777,693</u>
Liabilities	
Accounts payable	416,996
Accrued liabilities	159,832
Due to fiduciary	28,875
Due to others	213,904
Unearned revenues	5,861,371
Long-term liabilities:	
Due within one year	792,082
Due in more than one year	1,464,427
Net pension liability	1,799,658
Total OPEB liability	4,288,677
Total liabilities	<u>15,025,822</u>
Deferred Inflows of Resources	
Pension plan related	254,283
OPEB related	1,385,064
Right-to-use leases receivable related	288,596
Total deferred inflows of resources	<u>1,927,943</u>
Net Position	
Net investment in capital assets	15,089,579
Restricted	2,835,312
Unrestricted	19,874,640
Total net position	<u>\$ 37,799,531</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 5,001,117	\$ 1,759,831	\$ 39,121	\$ -	\$ (3,202,165)
Administration of Justice	2,477,445	630,386	84,222	-	(1,762,837)
Public Safety	3,541,441	55,946	239,017	-	(3,246,478)
Corrections and Rehabilitation	2,808,440	144,931	-	-	(2,663,509)
Health and Human Services	262,164	-	-	-	(262,164)
Community and Economic Development	465,128	7,670	-	-	(457,458)
Infrastructure and Environmental Services	3,671,047	800,413	37,325	196,814	(2,636,495)
Debt service	483	20,727	-	-	20,244
Total governmental activities	<u>\$ 18,227,265</u>	<u>\$ 3,419,904</u>	<u>\$ 399,685</u>	<u>\$ 196,814</u>	<u>(14,210,862)</u>
General revenues:					
Property taxes, levied for general purposes					14,926,726
Property taxes, levied for debt service					44,996
Sales taxes					2,663,520
Hotel/motel taxes					259,294
Mixed beverage taxes					85,391
Investment earnings					1,550,888
Miscellaneous					653,124
Total general revenues					<u>20,183,939</u>
Change in net position					<u>5,973,077</u>
Net position - beginning of year, as originally stated					31,761,808
Prior period adjustment					64,646
Net position - beginning of year, as restated					<u>31,826,454</u>
Net position - ending					<u>\$ 37,799,531</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 4,996,676	\$ 5,985,461	\$ 2,074,278	\$ 1,486,844	\$ 14,543,259
Investments	16,285,856	-	435,905	1,464,635	18,186,396
Receivables, net:					
Property taxes	331,910	-	-	352	332,262
Sales taxes	458,121	-	-	-	458,121
Occupancy taxes	-	-	-	91,559	91,559
Accounts	120,511	-	-	148,892	269,403
Due from other funds	167,527	-	-	17,227	184,754
Unrealized expenses	398,834	-	-	-	398,834
Inventory	86,595	-	-	-	86,595
Total assets	<u>\$ 22,846,030</u>	<u>\$ 5,985,461</u>	<u>\$ 2,510,183</u>	<u>\$ 3,209,509</u>	<u>\$ 34,551,183</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 354,343	\$ -	\$ -	\$ 54,379	\$ 408,722
Accrued liabilities	150,255	-	-	5,472	155,727
Due to other funds	4,325	-	-	-	4,325
Due to others	213,789	-	-	115	213,904
Unearned revenues	185,500	5,669,621	-	6,250	5,861,371
Total liabilities	<u>908,212</u>	<u>5,669,621</u>	<u>-</u>	<u>66,216</u>	<u>6,644,049</u>
Deferred inflows of resources:					
Unavailable property taxes	<u>331,910</u>	<u>-</u>	<u>-</u>	<u>352</u>	<u>332,262</u>
Fund balances:					
Nonspendable	485,429	-	-	-	485,429
Restricted	17,957	315,840	-	2,501,163	2,834,960
Committed	7,145	-	2,510,183	641,778	3,159,106
Assigned	1,468,021	-	-	-	1,468,021
Unassigned	19,627,356	-	-	-	19,627,356
Total fund balances	<u>21,605,908</u>	<u>315,840</u>	<u>2,510,183</u>	<u>3,142,941</u>	<u>27,574,872</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,846,030</u>	<u>\$ 5,985,461</u>	<u>\$ 2,510,183</u>	<u>\$ 3,209,509</u>	<u>\$ 34,551,183</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds (Exhibit A-3) \$ 27,574,872

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

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

Gross capital assets	\$ 36,335,866	
Related accumulated depreciation	<u>19,278,315</u>	17,057,551

Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds. 332,262

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

Certificates of obligation	320,000	
Note payable	266,000	
Lease financing payable	191,511	
Right-to-use lease liabilities	393,317	
Subscription liabilities	797,144	
Accrued compensated absences	<u>288,537</u>	(2,256,509)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are recorded only when due. (4,105)

The County uses an internal service fund to operate a health reimbursement account (HRA) for the benefit of all eligible employees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. 45,449

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

Net pension liability	(1,799,658)	
Deferred outflows - pension related items	2,513,639	
Deferred inflows - pension related items	(254,283)	
Total OPEB liability	(4,288,677)	
Deferred outflows - OPEB related items	264,054	
Deferred inflows - OPEB related items	<u>(1,385,064)</u>	<u>(4,949,989)</u>

Total net position - governmental activities (Exhibit A-1) \$ 37,799,531

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 14,915,626	\$ -	\$ -	\$ 45,605	\$ 14,961,231
Sales taxes	2,663,520	-	-	-	2,663,520
Occupancy tax	-	-	-	259,294	259,294
Mixed beverage tax	85,391	-	-	-	85,391
Licenses, fees and fines	2,940,381	-	-	265,873	3,206,254
Federal and state grants	186,536	-	-	258,441	444,977
Inmate revenue	84,956	-	-	-	84,956
Commissary revenue	-	-	-	59,975	59,975
Interest earned	1,081,084	267,099	55,899	145,307	1,549,389
Other revenue	782,866	-	-	106,175	889,041
Total revenues	<u>22,740,360</u>	<u>267,099</u>	<u>55,899</u>	<u>1,140,670</u>	<u>24,204,028</u>
Expenditures					
29th District Court	527,698	-	-	-	527,698
Capital projects	-	-	506,926	42,417	549,343
Commissary	-	-	-	76,949	76,949
Commissioner's Court	61,738	-	-	-	61,738
Constable	519,067	-	-	-	519,067
County Attorney	301,012	-	-	9,957	310,969
County Auditor	317,610	-	-	-	317,610
County Clerk	455,234	-	-	77,563	532,797
County Court	218,873	-	-	-	218,873
County Extension Service	173,113	-	-	-	173,113
County Treasurer	171,617	-	-	-	171,617
Courthouse security	-	-	-	247,365	247,365
Debt service - principal	-	-	-	73,000	73,000
Debt service - interest	-	-	-	83	83
Debt service - agent fees	-	-	-	400	400
District Attorney	354,458	-	-	30,546	385,004
District Clerk	261,479	-	-	-	261,479
Election Administration	203,412	-	-	72,058	275,470
Emergency Management	69,721	-	-	-	69,721
Emergency Medical & Health Services	175,000	-	-	-	175,000
General operations	4,685,847	-	8,192	64,205	4,758,244
Health services	10,000	-	-	-	10,000
Hotel/motel tax	-	-	-	269,356	269,356
Information Technology	140,385	-	-	-	140,385
Jail and detention	2,504,424	-	-	-	2,504,424
Justice of the Peace	648,105	-	-	-	648,105
Narcotics Unit	169,705	-	-	-	169,705
Public Works	480,223	-	-	-	480,223
Road and Bridge:					
Precinct No. 1	492,672	-	-	25,577	518,249
Precinct No. 2	907,967	-	-	26,709	934,676
Precinct No. 3	617,934	-	-	104,587	722,521
Precinct No. 4	756,361	-	-	77,266	833,627
Sheriff	2,129,207	-	-	3,673	2,132,880
Tax Assessor-Collector	636,504	-	-	-	636,504
Vending Expenditures	-	-	-	2,213	2,213
Veteran's Administration	43,339	-	-	-	43,339
Total expenditures	<u>18,032,705</u>	<u>-</u>	<u>515,118</u>	<u>1,203,924</u>	<u>19,751,747</u>
Excess of revenues over (under) expenditures	<u>4,707,655</u>	<u>267,099</u>	<u>(459,219)</u>	<u>(63,254)</u>	<u>4,452,281</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Other sources and (uses):					
Issuance of subscription liabilities	830,363	-	-	-	830,363
Proceeds from the sale of capital assets	110,368	-	-	-	110,368
Transfers in	-	-	1,500,000	242,819	1,742,819
Transfers out	(1,802,819)	-	-	-	(1,802,819)
Total other sources and (uses)	(862,088)	-	1,500,000	242,819	880,731
Net change in fund balances	3,845,567	267,099	1,040,781	179,565	5,333,012
Fund balances, beginning of year	17,760,341	48,741	1,469,402	2,963,376	22,241,860
Fund balances, end of year	<u>\$ 21,605,908</u>	<u>\$ 315,840</u>	<u>\$ 2,510,183</u>	<u>\$ 3,142,941</u>	<u>\$ 27,574,872</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds (Exhibit A-5) \$ 5,333,012

Amounts reported for *governmental activities* in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:

Capital outlay during the year	\$ 2,271,480	
Depreciation expense for the year	<u>1,785,988</u>	485,492

The net book value of the capital assets disposed of during the year is not recorded in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale. The net book value of the capital assets disposed of during the year was: (126,044)

Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources increased by this amount. 10,491

The issuance of long-term debt provides current financial resources to governmental funds. However, the issuance increases long-term liabilities in the Statement of Net Position. The County issued the following debt for the purchase of capital assets in the current year totaling:

Subscription liabilities		(830,363)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:

Certificates of obligation	45,000	
Note financing payable	28,000	
Lease financing payables	167,328	
Right-to-use lease liabilities	21,207	
Subscription liabilities	<u>237,636</u>	499,171

Interest on long-term debt in the Statement of Activities differs from the amount reported in governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in accrued interest is as follows:

Accrued interest at September 30, 2022	(6,064)	
Accrued interest at September 30, 2023	<u>4,105</u>	1,959

Included in long-term liabilities are obligations for accrued vacation leave and the net other post-employment benefit obligation for retiree medical coverage. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was: 5,605

The County participates in an agent multiple-employer defined benefit pension and OPEB plan. Contributions to the plans are expenditures at the fund level when payments are due. At the government-wide level, pension and OPEB expenses are recognized on an actuarial basis. The plan contributions exceeded the actuarial expense in the current year. 607,727

The County uses an internal service fund to operate a health reimbursement account (HRA) for the benefit of all eligible employees of the County. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is a decrease in net position. (13,973)

Change in net position of governmental activities (Exhibit A-2) \$ 5,973,077

The accompanying notes are an integral part of this statement.

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

	Health Reimbursement Arrangement
Assets	
Cash	\$ 53,723
Total assets	<u>53,723</u>
Liabilities	
Accounts payable	8,274
Total liabilities	<u>8,274</u>
Net Position	
Unrestricted	45,449
Total net position	<u>\$ 45,449</u>

The accompanying notes are an integral part of this statement.

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

	Health Reimbursement Arrangement
Operating revenues	
Charges for services	\$ -
Operating expenses:	
Administrative fees	4,665
Reimbursements	70,807
Total operating expenses	75,472
Loss from operations	(75,472)
Non-operating income:	
Interest income	1,499
Transfers in	60,000
Change in net position	(13,973)
Total net position - beginning	59,422
Total net position - ending	\$ 45,449

The accompanying notes are an integral part of this statement.

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

	Health Reimbursement Arrangement
Cash flows from operating activities	
Cash paid to employees for health reimbursements	\$ (91,361)
Cash paid to vendor for administrative services	(4,665)
Net cash used by operating activities	<u>(96,026)</u>
Cash flows from investing activities	
Transfers in from other funds	60,000
Interest earnings	1,499
Net cash provided by investing activities	<u>61,499</u>
Net decrease in cash and cash equivalents	(34,527)
Cash and cash equivalents at beginning of the year	88,250
Cash and cash equivalents at end of the year	<u><u>\$ 53,723</u></u>
Reconciliation of loss from operations to net cash used by operating activities:	
Operating loss	\$ (75,472)
Effect of change in current assets and liabilities:	
Change in accounts payable	(20,554)
Net cash used by operating activities	<u><u>\$ (96,026)</u></u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

	Custodial Funds
Assets	
Cash	\$ 1,941,576
Investments	1,274,518
Other receivables	10,620
Due from other funds	28,875
Total assets	<u>3,255,589</u>
Liabilities	
Due to other funds	209,304
Due to others	<u>1,040</u>
Total liabilities	<u>210,344</u>
Net Position	
Restricted for other purposes	3,045,245
Total net position	<u><u>\$ 3,045,245</u></u>

The accompanying notes are an integral part of this statement.

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

	Custodial Funds
Additions	
District Attorney	\$ 224
Sheriff's Department	324,604
Tax Assessor/Collector	97,388,570
Justices of the Peace	415,662
County Treasurer	438,512
County Clerk	96,699
Juvenile Department	1,585
District Clerk	514,301
County Attorney	11,622
Public Works	88,141
Inmate Trust	164,857
Deferred Compensation	98,900
Total additions	<u>99,543,677</u>
Deductions	
Sheriff's Department	325,104
Tax Assessor/Collector	97,391,914
Justices of the Peace	415,662
County Treasurer	445,176
County Clerk	58,599
Juvenile Department	1,595
District Clerk	381,198
County Attorney	12,122
Public Works	87,801
Inmate Trust	166,809
Total deductions	<u>99,285,980</u>
Change in net position	257,697
Net position - beginning	<u>2,787,548</u>
Net position - ending	<u><u>\$ 3,045,245</u></u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Palo Pinto, Texas (County) was created by the Act of Legislature on August 27, 1856, and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk, District Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years and serves at the will of the District Judge, whose court is located in Palo Pinto County. The 2020 census population for the County was 28,409 and the area covered is approximately 949 square miles. The unincorporated community of Palo Pinto is the County Seat. The County provides the following public services: Public Safety – Sheriff's Department and Jail Detention, Tax Assessing and Collecting, Sanitation, Fire, Emergency Medical Services, Public Records, Criminal and Civil Prosecution, Road and Bridge Maintenance and General Operations.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below:

A. Reporting Entity

In evaluating the County for financial reporting purposes, management has considered all potential component units. The evaluation was made by applying the criteria set forth in generally accepted accounting principles for inclusion of component units with a reporting entity. The major criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility over the unit. The most significant manifestation of this ability to exercise oversight responsibility includes, but is not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no potential component units included in the reporting entity as defined by GASB 14, "The Reporting Entity", as amended by GASB 39 and 61.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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

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

The *Annex Capital Improvement Fund* is used to account for financial resources to be used for the acquisition and renovation of the Mineral Wells annex building.

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

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

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

The *Capital Project Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following internal service fund:

The *Health Reimbursement Arrangement (HRA) Plan* was established under Internal Revenue Code Section 106 for reimbursing eligible County employees for the cost of certain eligible medical expenses incurred by them, their spouses and eligible dependents.

Additionally, the County reports the following fiduciary funds:

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

Custodial Funds are used to report cash and investments and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The assets are held in a trustee or custodial capacity and are not available to support County programs; therefore, these funds are not included in the government-wide financial statements.

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

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of estimates by management that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. Financial Statement Amounts

1. Deposits and Investments

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

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools.

Investments for the County are reported at fair value. The authorized investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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). All other outstanding balances between funds are reported as "due to/from other funds."

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

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

3. Uncollected Taxes Receivable

The office of the Tax Assessor-Collector is under contract to eighteen (18) different taxing entities. It is the responsibility of the Tax Assessor-Collector to collect the taxes for the various taxing districts and then to remit the tax, including any penalty and interest, less a 1% fee of current taxes and 7% of delinquent taxes, to the tax district, except for the Palo Pinto County Education District, in which the Tax Assessor-Collector receives all penalties collected. The amount recorded as investment in uncollected taxes represents the total taxes receivable for the eighteen districts and the Palo Pinto County Education District.

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

4. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. The amounts reported by the County in this category related to the County's participation in TCDRS. Property taxes receivable are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received. The amounts related to right-to-use assets the County has leased to other entities and will receive future lease payments.

6. 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 estimated fair market value at the time received.

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. Interest costs on fixed assets are not capitalized. Interest is charged to the Debt Service Fund for assets acquired with tax notes. For assets purchased under lease agreements, interest is expensed in the fund responsible for making the lease payments.

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

Vehicles	3 - 15 years
Equipment	5 - 30 years
Buildings and Improvements	5 - 40 years
Infrastructure	15 - 30 years
Right-to-Use Equipment	5 - 20 years
Right-to-Use Buildings and Improvements	5 years
Subscription Assets	5 years

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

7. Right-to-Use Lease Liabilities

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

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

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

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

The lease term includes the noncancellable period of the lease.

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

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

8. Subscription-Based Information Technology Agreements (SBITAs)

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

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

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

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

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

The subscription term includes the noncancellable period of the SBITA.

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

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

9. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$288,537 of accrued vacation and compensated absences at September 30, 2023 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum carry over of 520 hours, with the exception of a few grandfathered employees. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Issuance costs associated with long-term debt are reported as deferred charges and amortized over the term of the related debt.

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 and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

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

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

12. Transactions Between Funds

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

13. Use of Estimates

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

14. Pensions

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

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

15. Other Post-Employment Benefits

The fiduciary net position of the TCDRS and the County's Retiree Health Care Plan have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TCDRS and the County's Retiree Health Care Plan fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go-plan and all cash is held in a cash account.

2. COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions are reported below, along with actions taken to address such violations:

For the year ended September 30, 2023, the County over-expended the General Operations functional area of the General Fund by \$192,112. The County will be more diligent in the future to ensure that all necessary budget amendments are made.

B. Deficit Fund Balance or Net Position of Individual Funds

As of September 30, 2023, there were no funds with a deficit fund balance or net position.

3. DEPOSITS AND INVESTMENTS

A. Deposits

Deposits, except for those held in trust by the County Clerk, District Clerk, and others were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2023, the carrying amount of the County's deposits was \$32,783,378 and the balance per the bank was \$34,170,474. Included in the carrying amount and bank balance are money market savings (recorded as investments) totaling \$18,186,396.

The County Clerk, District Clerk, and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2023 were \$3,216,094 and the balance per the bank was \$3,755,619. All deposits and investments were secured by FDIC coverage.

B. Investments

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

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

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

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

The County's investments at September 30, 2023 are shown below:

<u>Investments</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Money market savings	N/A	<u>\$18,186,396</u>

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County values its money market savings using Level 2 inputs based on statements from the depository financial institution.

C. Analysis of Specific Deposit and Investment Risks

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

1. Credit Risk

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

2. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

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

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

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

3. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

5. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service and Special Road & Bridge) for the year ended September 30, 2023, was \$0.24967 per \$100 valuation. The special road and bridge tax rate for the year ended September 30, 2023 was \$0.0553 per \$100 valuation. The long-term debt service tax rate for the year ended September 30, 2023 was \$0.000938 per \$100 valuation. The total combined tax rate was \$0.305908 per \$100 valuation for the year ended September 30, 2023.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Gross property taxes receivable	\$781,821	\$1,350	\$783,171
Allowance for uncollectible taxes	(449,911)	(998)	(450,909)
Net property taxes receivable	<u>\$331,910</u>	<u>\$ 352</u>	<u>\$332,262</u>

Of the \$332,262 of net property taxes receivable at September 30, 2023, the County expects to collect approximately \$250,000 within a year. This is similar to the amount of delinquent taxes received in previous years.

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

5. RIGHT-TO-USE LEASES RECEIVABLE

In November 2014, the County leased tower space to a business. The lease is for 10 years and requires annual payments ranging from \$1,548 to \$1,850. At September 30, 2023, the County has recognized a receivable for the remaining lease payments of \$1,796 which has also been reflected as deferred inflows of resources. The receivable is discounted using an imputed interest rate of 3.0%. The balance of the deferred inflows will be recognized annually through November 2023, based upon the required annual payments.

In January 2021, the County leased thirty acres of land to a business. The lease is for 60 months and requires monthly payments ranging from \$6,250 to \$7,597. At September 30, 2023, the County has recognized a receivable for the remaining lease payments of \$335,166 which has also been reflected as deferred inflows of resources. The receivable is discounted using an imputed interest rate of 3.0%. The balance of the deferred inflows will be recognized annually through December 2027, based upon the required annual payments.

In October 2021, the County leased a facility to a business. The lease is part of an agreement with the Texas Department of Agriculture (TDA) through the Texas Capital Fund. Under the agreement, the County received funding from TDA for the acquisition of the facility for it to lease to the tenant. All lease payments received by the County are to be sent to TDA. The lease is for 138 months and requires monthly payments of \$2,333. At September 30, 2023, the County has recognized a receivable for the remaining lease payments of \$231,204 which has also been reflected as deferred inflows of resources. The receivable is discounted using an imputed interest rate of 3.0%. The balance of the deferred inflows will be recognized monthly through March 2033, based upon the required monthly payments. The lease also includes a purchase option that is exercisable at any time after the expiration of five years from the date the County's contract with TDA is closed out. The purchase price under such option shall be \$560,000 less the sum of the full amount of all fixed lease payments actually received by the County and any and all amounts actually paid by the tenant to the County under the agreement as a result of recoupment of Texas Capital Fund grant by TDA or the U.S. Department of Housing and Urban Development.

In April 2022, the County leased office space to a business. The lease is for 48 months and requires monthly payments of \$500. At September 30, 2023, the County has recognized a receivable for the remaining lease payments of \$14,435 which has also been reflected as deferred inflows of resources. The receivable is discounted using an imputed interest rate of 3.0%. The balance of the deferred inflows will be recognized monthly through March 2026, based upon the required monthly payments.

At September 30, 2023, the County has recognized a total receivable for the above remaining lease payments of \$582,601 which has also been reflected as deferred inflows of resources. The County received lease revenue of \$94,676 and interest income of \$16,138 for a total of \$110,814 of lease-related inflows of resources for the above leases during the year ended September 30, 2023.

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

6. CAPITAL ASSETS

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

Governmental Activities:	Restated Balance 10/1/22	Additions	Retirements	Transfers	Balance 9/30/23
Capital assets not being depreciated:					
Land	\$ 654,080	\$ 76,300	\$ -	\$ -	\$ 730,380
Construction in progress	<u>2,558,639</u>	<u>47,203</u>	<u>4,104</u>	<u>(2,450,197)</u>	<u>151,541</u>
Total capital assets not being depreciated	<u>3,212,719</u>	<u>123,503</u>	<u>4,104</u>	<u>(2,450,197)</u>	<u>881,921</u>
Capital assets being depreciated:					
Buildings and improvements	9,962,237	176,711	-	2,450,197	12,589,145
Equipment	6,686,321	602,313	297,026	-	6,991,608
Vehicles	3,585,107	248,957	204,436	-	3,629,628
Infrastructure	10,306,484	289,633	-	-	10,596,117
Right-to-use leased buildings and improvements	412,856	-	-	-	412,856
Right-to-use leased equipment	34,585	-	-	-	34,585
Subscription assets	<u>369,644</u>	<u>830,363</u>	<u>-</u>	<u>-</u>	<u>1,200,007</u>
Total capital assets being depreciated	<u>31,357,234</u>	<u>2,147,977</u>	<u>501,462</u>	<u>2,450,197</u>	<u>35,453,946</u>
Less accumulated depreciation for:					
Buildings and improvements	6,675,968	345,385	-	-	7,021,353
Equipment	3,222,690	481,254	183,805	-	3,520,139
Vehicles	2,707,668	279,946	195,718	-	2,791,896
Infrastructure	5,120,049	511,670	-	-	5,631,719
Right-to-use leased buildings and improvements	24,143	24,688	-	-	48,831
Right-to-use leased equipment	20,751	6,917	-	-	27,668
Subscription assets	<u>100,581</u>	<u>136,128</u>	<u>-</u>	<u>-</u>	<u>236,709</u>
Total accumulated depreciation	<u>17,871,850</u>	<u>1,785,988</u>	<u>379,523</u>	<u>-</u>	<u>19,278,315</u>
Total capital assets being depreciated, net	<u>13,485,384</u>	<u>361,989</u>	<u>121,939</u>	<u>2,450,197</u>	<u>16,175,631</u>
Governmental activities capital assets, net	<u>\$16,698,103</u>	<u>\$ 485,492</u>	<u>\$126,043</u>	<u>\$ -</u>	<u>\$17,057,552</u>

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

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

Governmental Activities:	
General Government	\$ 483,764
Administration of Justice	10,824
Public Safety	324,970
Corrections and Rehabilitation	131,376
Community and Economic Development	33,279
Infrastructure and Environmental Services	<u>801,775</u>
Total governmental depreciation	<u>\$1,785,988</u>

7. INTERFUND BALANCES AND ACTIVITIES

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 4,325	Short-term loan
Other Governmental Funds	Fiduciary Funds	17,227	Short-term loan
General Fund	Fiduciary Funds	163,202	Short-term loan
Fiduciary Funds	Fiduciary Funds	<u>28,875</u>	Short-term loan
	Total	<u>\$213,629</u>	

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

B. Transfers in and out during the year ended September 30, 2023 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 242,819	Supplement other funds
General Fund	Capital Improvement Fund	1,500,000	Supplement other funds
General Fund	Internal Service Fund	<u>60,000</u>	Supplement other funds
	Total	<u>\$1,802,819</u>	

8. LONG-TERM OBLIGATIONS

The County issued certificates of obligations, a note payable, lease liabilities, and subscription liabilities to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

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

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

Governmental Activities:	Restated Balance 10/01/22	Additions	Retirements	Balance 09/30/23	Due Within One Year
Certificates of obligation	\$ 365,000	\$ -	\$ 45,000	\$ 320,000	\$ 45,000
Note payable	294,000	-	28,000	266,000	28,000
Lease financing payables	358,839	-	167,328	191,511	172,911
Right-to-use lease liabilities	414,524	-	21,207	393,317	21,226
Subscription liabilities	204,417	830,363	237,636	797,144	236,408
Compensated absences	<u>294,142</u>	<u>350,629</u>	<u>356,234</u>	<u>288,537</u>	<u>288,537</u>
Total long-term liabilities – governmental activities	<u>\$1,930,922</u>	<u>\$1,180,992</u>	<u>\$855,405</u>	<u>\$2,256,509</u>	<u>\$792,082</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

Total debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 503,545	\$ 32,569	\$ 536,114
2025	315,793	22,855	338,648
2026	288,018	14,877	302,895
2027	240,569	11,987	252,556
2028	87,306	9,657	96,963
2029-2033	308,295	40,911	349,206
2034-2038	128,513	24,942	153,455
2039-2041	<u>95,933</u>	<u>4,343</u>	<u>100,276</u>
Totals	<u>\$1,967,972</u>	<u>\$162,141</u>	<u>\$2,130,113</u>

Certificates of Obligation

The County issued Combination Tax and Surplus Certificates of Obligation, Series 2020 through the Texas Water Development Board in March 2020. The County borrowed \$500,000 with interest ranging from 0.0% to .130% to construct a new wastewater treatment plant. The certificates require a principal and interest payment of \$90,083 on February 15, 2021 and annual principal and interest payments of \$45,083 beginning February 15, 2022 with a final principal and interest payment of \$50,033 on February 15, 2030.

<u>Issuance</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/23</u>
Combination Tax and Surplus Certificates of Obligation, Series 2020	\$500,000	03/10/20	02/15/30	0.00%- 0.13%	<u>\$320,000</u>

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

Certificates of obligation service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 45,000	\$ 83	\$ 45,083
2025	45,000	83	45,083
2026	45,000	83	45,083
2027	45,000	83	45,083
2028	45,000	83	45,083
2029-2030	<u>95,000</u>	<u>107</u>	<u>95,107</u>
Totals	<u>\$320,000</u>	<u>\$ 522</u>	<u>\$320,522</u>

Note Payable

The note payable to the Texas Department of Rural Community Affairs is part of the Texas Department of Agriculture's Community Development Block Grant (CDBG) known as the Texas Capital Fund. The County borrowed \$560,000 interest-free to purchase a facility which was leased to a business. The lease proceeds will be used to repay the loan. The monthly lease is for \$2,333 which began in June 2012 but was deferred from August 1, 2014 to July 31, 2015.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/23</u>
Purchase and lease facility as part of the CDBG Texas Capital Fund program	\$560,000	05/23/11	03/01/33	0.00%	<u>\$266,000</u>

Note payable service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 28,000	\$ -	\$ 28,000
2025	28,000	-	28,000
2026	28,000	-	28,000
2027	28,000	-	28,000
2028	28,000	-	28,000
2029-2033	<u>126,000</u>	<u>-</u>	<u>126,000</u>
Totals	<u>\$266,000</u>	<u>\$ -</u>	<u>\$266,000</u>

Lease Financing Payables

The County has entered into lease financing payables as follows:

On April 11, 2019, the County leased a used 2015 John Deere 772G Motor Grader. The lease requires five annual payments of \$35,438 beginning April 19, 2020, with a bargain purchase payment of \$1 on April 24, 2024. The lease carries interest at a stated rate of 5.20%.

On July 1, 2019, the County leased a 4X2 Gradall Hydraulic Excavator. The lease requires five annual payments of \$65,044 beginning July 1, 2020. The lease carries interest at a stated rate of 3.64%.

On August 28, 2020, the County leased a 2020 Caterpillar Motor Grader. The lease requires five annual payments of \$23,405 beginning June 15, 2021. The lease carries interest at an imputed rate of 3.00%.

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

On April 13, 2022, the County leased a used 2014 Komatsu Motor Grader. The lease requires two annual payments of \$60,039 beginning February 25, 2023, with a bargain purchase payment of \$1 on February 25, 2024. The lease carries interest at a stated rate of 2.85%.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/23</u>
John Deere 772G Motor Grader (Midland States Bank)	\$152,575	4/24/19	4/24/24	5.20%	\$ 33,687
4X2 Gradall Hydraulic Excavator (Government Capital Corporation)	\$292,600	7/01/19	7/01/24	3.64%	62,759
2020 Caterpillar Motor Grader (First National Bank - Leasing)	\$ 89,332	8/28/20	6/15/25	3.00%	36,685
2014 Komatsu Motor Grader (First National Bank - Leasing)	\$115,550	4/13/22	2/25/24	2.85%	<u>58,380</u>
Total balance at September 30, 2023					<u>\$191,511</u>

Interest expense of \$16,598 was recorded in Road & Bridge Precincts No. 2 of \$4,489, No. 3 of \$2,869, and No. 4 of \$9,240 on the Statement of Activities for the year ended September 30, 2023.

Lease financing payables service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$172,911	\$11,017	\$183,928
2025	<u>18,600</u>	<u>4,805</u>	<u>23,405</u>
Totals	<u>\$191,511</u>	<u>\$15,822</u>	<u>\$207,333</u>

Right-to-use Lease Liabilities

The County has entered into the following right-to-use lease liabilities:

On September 23, 2019, the County leased a postage machine. The lease requires sixty monthly payments of \$440 beginning September 23, 2019. The lease carries interest at an imputed rate of 3.00%.

On September 23, 2019, the County leased a postage machine. The lease requires sixty monthly payments of \$182 beginning September 23, 2019. The lease carries interest at an imputed rate of 3.00%.

On September 15, 2021, the County leased tower space. The lease requires two hundred forty monthly payments ranging from \$1,658 to \$2,865 beginning September 15, 2021. The lease carries interest at an imputed rate of 3.00%.

On January 1, 2022, the County leased a building. The lease requires fifty-eight monthly payments of \$500 beginning March 1, 2022. The lease carries interest at an imputed rate of 3.00%.

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

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/23</u>
Postage Machine (Pitney Bowes)	\$ 24,477	9/23/19	8/23/24	3.00%	\$ 4,764
Postage Machine (Pitney Bowes)	\$ 10,108	9/23/19	8/23/24	3.00%	1,966
Tower Space (Chestnut Tower)	\$385,891	9/15/21	8/15/41	3.00%	368,029
Building (John R McCracken)	\$ 26,965	3/1/22	12/1/26	3.00%	<u>18,558</u>
Total balance at September 30, 2023					<u>\$393,317</u>

Interest expense of \$12,146 was recorded in General Operations on the Statement of Activities for the year ended September 30, 2023.

The assets under right-to-use lease liabilities and related accumulated depreciation at September 30, 2023 are included in right-to-use leased buildings and improvements and right-to-use leased equipment in Note 5.

Right-to-use lease liabilities service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 21,226	\$ 11,505	\$ 32,731
2025	14,938	10,958	25,896
2026	15,728	10,500	26,228
2027	15,378	10,002	25,380
2028	14,306	9,574	23,880
2029-2033	87,296	40,804	128,100
2034-2038	128,513	24,942	153,455
2039-2041	<u>95,932</u>	<u>4,343</u>	<u>100,275</u>
Totals	<u>\$393,317</u>	<u>\$122,628</u>	<u>\$515,945</u>

Subscription Liabilities

The County has entered into the following subscription liabilities:

In October 2019, the County entered into a subscription-based information technology arrangement for sheriff software with a future value of \$153,636 and an initial computed principal value of \$151,443. Five annual payments of varying amounts are due each year beginning in October 2019. The arrangement carries an imputed rate of 5%.

In October 2021, the County entered into a subscription-based information technology arrangement for county clerk software with a future value of \$223,390 and an initial computed principal value of \$218,201. Five annual payments of \$47,999 are due each year beginning in October 2021. The arrangement carries an imputed rate of 5%.

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

In January 2023, the County entered into a subscription-based information technology arrangement for cloud hosting software with a future value of \$107,714 and an initial computed principal value of \$104,966. An initial payment of \$14,828 was due in January 2023 and four annual payments of \$25,420 are due each year beginning in May 2023. The arrangement carries an imputed rate of 5%.

In May 2023, the County entered into a subscription-based information technology arrangement for various software with a future value of \$742,648 and an initial computed principal value of \$725,397. Five annual payments of \$159,570 are due each year beginning in May 2023. The arrangement carries an imputed rate of 5%.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/23</u>
Sheriff Software (Tyler Technologies)	\$151,443	10/15/19	10/16/23	5.00%	\$ 16,690
County Clerk Software (Tyler Technologies)	\$218,201	10/28/21	10/28/25	5.00%	124,489
Cloud Hosting Software (NetData)	\$104,966	1/9/23	5/1/26	5.00%	90,138
Various Software (NetData)	\$725,397	5/1/23	5/1/27	5.00%	<u>565,827</u>
Total balance at September 30, 2023					<u>\$797,144</u>

Interest expense of \$2,555 was recorded in General Operations on the Statement of Activities for the year ended September 30, 2023.

The assets under subscription-based information technology arrangement liabilities and related accumulated depreciation at September 30, 2023 are included in subscription assets in Note 5.

Subscription liabilities service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$236,408	\$ 9,964	\$246,372
2025	209,255	7,009	216,264
2026	199,290	4,294	203,584
2027	<u>152,191</u>	<u>1,902</u>	<u>154,093</u>
Totals	<u>\$797,144</u>	<u>\$23,169</u>	<u>\$820,313</u>

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

9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

10. CONTINGENT LIABILITIES AND COMMITMENTS

Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Litigation

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

Construction Commitments

The County has two construction projects in progress at September 30, 2023. One project is for the replacement of one bridge in the County by the Texas Department of Transportation and the other project is the planning of a waste-water treatment plant with an estimated cost of \$3,000,000. At September 30, 2023, the County has contracts totaling \$331,170 related to these projects of which \$91,673 had been incurred leaving a commitment of \$239,497.

11. DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

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

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

B. Benefits Provided

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

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	135
Inactive employees entitled to but not yet receiving benefits	142
Active employees	157

C. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 12.48% for the months of the accounting year in 2022, and 12.48% for the months of the accounting year in 2023.

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

D. Net Pension Liability

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

Actuarial Assumptions

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

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

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

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

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

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

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

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

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

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

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

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

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

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

Discount Rate

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

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

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2021	\$43,214,980	\$47,006,975	(\$3,791,995)
Changes for the year:			
Service cost	1,165,836	-	1,165,836
Interest on total pension liability	3,292,856	-	3,292,856
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	167,106	-	167,106
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(88,562)	(88,562)	-
Benefit payments	(2,058,280)	(2,058,280)	-
Administrative expense	-	(25,723)	25,723
Member contributions	-	605,742	(605,742)
Net investment income	-	(2,725,675)	2,725,675
Employer contributions	-	1,189,956	(1,189,956)
Other changes	-	(10,155)	10,155
Balances as of December 31, 2022	<u>\$45,693,936</u>	<u>\$43,894,278</u>	<u>\$1,799,658</u>

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability (asset)	<u>\$7,606,942</u>	<u>\$1,799,658</u>	<u>(\$3,067,467)</u>

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

Pension Expense/(Income)

	<u>January 1, 2022 to December 31, 2022</u>
Service cost	\$1,165,836
Interest on total pension liability ⁽¹⁾	3,292,856
Effect of plan changes	-
Administrative expenses	25,723
Member contributions	(605,742)
Expected investment return net of investment expenses	(3,558,093)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(258,848)
Recognition of assumption changes or inputs	535,686
Recognition of investment gains or losses	96,242
Other ⁽²⁾	<u>10,155</u>
Pension expense	<u>\$ 703,815</u>

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

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

Deferred Outflows / Inflows of Resources

As of September 30, 2022, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 125,329	\$227,299
Change in assumptions	562,669	26,984
Net difference between projected and actual earnings	852,071	-
Contributions made subsequent to measurement date	<u>973,570</u>	<u>-</u>
Total	<u>\$2,513,639</u>	<u>\$254,283</u>

\$973,570 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset for the plan year ending December 31, 2023. Other amounts of the County's deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2023	(\$182,113)
2024	25,104
2025	186,043
2026	1,256,752

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

12. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Group Term Life Program

A. Plan Description

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

1. The County participates in the retiree Group Term Life (GTL) program for the TCDRS which is a statewide, multiple-employer, public employee retirement system.
2. A brief description of benefit terms:
 - a) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree GTL program are included in the OPEB plan.
 - b) The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
 - c) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 - d) No future increases are assumed in the \$5,000 benefit amount.
 - e) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year.
3. Membership information is shown in the chart below.
4. Contributions made to the retiree GTL program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
5. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$5,000.

B. Membership Information

<u>Members</u>	<u>12/31/21</u>	<u>12/31/22</u>
Number of inactive employees entitled to but not yet receiving benefits ⁽¹⁾	38	47
Number of active employees	168	157
Average age of active employees	48.68	48.42
Average length of service in years for active employees	10.93	11.94
<u>Inactive Employees Receiving Benefits ⁽¹⁾</u>		
Number of benefit recipients ⁽¹⁾	101	111

⁽¹⁾ "Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

C. Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

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

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method:	
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Do not affect benefits but are used in the allocation of costs under the actuarial cost method. Merit salary increases range from 0.40% to 5.25% for all members depending on years of service and entry age.
Investment Rate of Return (Discount Rate)	3.72% (20-year Bond GO Index published by bondbuyer.com as of 12/30/22)
Cost-of-Living Adjustment	Does not apply
Disability	The rates of disability range from .000% to .001% for work-related disability and .000% to .198% for all other causes depending on age.
Mortality:	
Depositing members	135% of the 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 the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the 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.
Retirement	Members eligible for service retirement from age 40 to 74 range from 5.3% to 25.3% for both male and females depending on age and length of service. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Other Termination of Employment	Annual rates for termination range from 0.0% to 33.0% for both males and females depending on entry age and years of service.

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

D. Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balances as of December 31, 2021	\$594,140
Changes for the year:	
Service cost	21,014
Interest on total OPEB liability ⁽¹⁾	12,539
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic (gains) or losses	23,895
Effect of assumptions changes or inputs ⁽³⁾	(164,520)
Benefit payments	(12,980)
Other	<u>-</u>
Balance as of December 31, 2022	<u>\$474,088</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Reflects change in discount rate

Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 3.72%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	<u>1% Decrease 2.72%</u>	<u>Current Discount Rate 3.72%</u>	<u>1% Increase 4.72%</u>
Total OPEB liability	<u>\$564,627</u>	<u>\$474,088</u>	<u>\$403,397</u>

E. OPEB Expense

	<u>January 1, 2022 to December 31, 2022</u>
Service cost	\$21,014
Interest on total pension liability ⁽¹⁾	12,539
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(3,240)
Recognition of assumption changes or inputs	(3,358)
Other	<u>-</u>
OPEB expense	<u>\$26,955</u>

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

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

F. Deferred Outflows / Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$19,116	\$ 19,079
Changes of assumptions	52,565	131,616
Contributions made subsequent to measurement date	<u>17,988</u>	<u>-</u>
Total	<u>\$89,669</u>	<u>\$150,695</u>

\$17,988 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the plan year ending December 31, 2023. The remaining amounts of the County's deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2023	(\$ 866)
2024	(20,012)
2025	(30,011)
2026	(28,125)

Retiree Health Care Plan

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

A. Plan Description

Pre-65 Plan – Any employee who meets the retirement eligibility requirements of the TCDRS, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical until the retiree reaches age 65 or qualifies for Medicare. The County pays 100% of the total monthly premium prescribed in the current health plan for retired participants who continue coverage. The retired employee may continue coverage for dependents, if he or she pays the entire premium for the dependent. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

Post-65 Plan – Retirees may purchase a Medicare supplement policy without prescription drug coverage for a reduced premium. Retirees have the option to purchase prescription drug coverage to which the County does not contribute. Spouses may receive the same plan at retiree's expense. Premiums and benefits are subject to change each year. Percent of premium paid by County is subject to change with the intent of leaving the dollar amount of benefit the same. The benefit is subject to annual appropriations by the Commissioners' Court.

B. Demographic Information

<u>Status</u>	<u>9/30/22</u>	<u>9/30/23</u>
Active – Employee Only	100	100
Active – Employee and Dependent	45	45
Retired – Employee Only	21	21
Retired – Employee and Dependent	2	2

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

C. Actuarial Methods and Assumptions Used for GASB Calculations

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

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from \$7,460 at age 50 to \$11,284 at age 64 and the Medicare supplement annual premium of \$3,176.49 is used for the per capita claims cost for age 65 and older.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2021
Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full additional dependent contribution rate to age 65 and 65% of the Medicare supplement premium.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all who currently have healthcare coverage will continue with the same coverage until eligibility for Medicare. 100% of all actives who currently have healthcare coverage will continue with coverage upon retirement. For those with family coverage 25% will elect to continue with coverage including the spouse and the remainder will elect individual coverage. Spouse coverage is to age 65.
Valuation Date	September 30, 2023
Measurement Date	September 30, 2023

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

D. Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balances as of September 30, 2022	\$3,602,590
Changes for the year:	
Service cost	222,303
Interest cost	177,957
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	(188,261)
Administrative expense	-
	<u> </u>
Balance as of September 30, 2023	<u>\$3,814,589</u>

Sensitivity Analysis of the Discount and Trend Rate

Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.77%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.77%) or 1 percentage point higher (5.77%) than the current rate.

	<u>1% Decrease 3.77%</u>	<u>Current Discount Rate 4.77%</u>	<u>1% Increase 5.77%</u>
Total OPEB liability	<u>\$3,411,744</u>	<u>\$3,814,589</u>	<u>\$4,302,681</u>

Trend Rate

The following presents the total OPEB liability of the County, calculated using the healthcare cost trend rate of 4.50%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.50%) or 1 percentage point higher (5.50%) than the current rate.

	<u>1% Decrease 3.5%</u>	<u>Current Trend Rate 4.50%</u>	<u>1% Increase 5.50%</u>
Total OPEB liability	<u>\$3,339,079</u>	<u>\$3,814,589</u>	<u>\$4,409,246</u>

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

E. OPEB Expense

	October 1, 2022 to <u>September 30, 2023</u>
Service cost at October 1, 2022	\$222,303
Interest cost (including interest on Service Cost)	177,957
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	(47,397)
Changes in assumptions or other inputs	(146,052)
Other changes, if significant	-
Difference of projected investment earnings	<u>-</u>
 Total OPEB expense as of September 30, 2023	 <u>\$206,811</u>

F. Deferred Outflows / Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 203,113
Changes of assumptions/inputs	174,385	1,031,256
Net difference between projected and actual investments	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
 Total	 <u>\$174,385</u>	 <u>\$1,234,369</u>

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

<u>Year Ended September 30:</u>	
2024	(\$193,449)
2025	(193,449)
2026	(193,449)
2027	(203,645)
2028	(215,615)
Thereafter	(60,377)

The combined total OPEB liability, OPEB related deferred outflows of resources and OPEB related deferred inflows of resources of the Group Term Life Program and the Retiree Health Care Plan is as follows:

Total OPEB Liability	\$4,288,677
Deferred Outflows of Resources	264,054
Deferred Inflows of Resources	1,385,064

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

13. DEFERRED COMPENSATION PLAN

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code 457. The plans, available to all County employees on a voluntary basis, permit them to defer a portion of their salaries until future years. The County does not make any contributions to the plans.

Deferred compensation is available to employees' beneficiaries in case of death. One plan is through the National Association of Counties and its assets are administered by Nationwide Retirement Solutions, an independent third-party administrator. The second plan's assets are managed by ITT Hartford, an independent administrator. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributed to those amounts, property or rights are solely the property and rights of the participants.

14. JUDICIAL ASSESSMENT RECEIVABLES

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

15. NET POSITION/FUND BALANCES

The Governmental Activities' net position consisted of the following at September 30, 2023:

Net investment in capital assets	<u>\$15,089,579</u>
Restricted:	
General Government	1,388,853
Administration of Justice	337,962
Public Safety	445,654
Corrections and Rehabilitation	70,806
Community and Economic Development	183,583
Infrastructure and Environmental Services	<u>408,454</u>
Total restricted	<u>2,835,312</u>
Unrestricted	<u>19,874,640</u>
Total net position	<u>\$37,799,531</u>

The Governmental Funds' fund balances consisted of the following at September 30, 2023:

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

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 398,834	\$ -	\$ -	\$ -	\$ 398,834
Inventories	<u>86,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,595</u>
Total nonspendable	<u>485,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485,429</u>
Restricted:					
General Government	-	-	-	1,388,501	1,388,501
Administration of Justice	-	-	-	337,962	337,962
Public Safety	17,957	315,840	-	111,857	445,654
Corrections and Rehabilitation	-	-	-	70,806	70,806
Community and Economic Development	-	-	-	183,583	183,583
Infrastructure and Environmental Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>408,454</u>	<u>408,454</u>
Total restricted	<u>17,957</u>	<u>315,840</u>	<u>-</u>	<u>2,501,163</u>	<u>2,834,960</u>
Committed:					
General Government	7,145	-	-	-	7,145
Health and Human Services	-	-	-	5,088	5,088
Infrastructure and Environmental Services	<u>-</u>	<u>-</u>	<u>2,510,183</u>	<u>636,690</u>	<u>3,146,873</u>
Total committed	<u>7,145</u>	<u>-</u>	<u>2,510,183</u>	<u>641,778</u>	<u>3,159,106</u>
Assigned:					
2023-24 budget deficit	<u>1,468,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,468,021</u>
Unassigned	<u>19,627,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,627,356</u>
Total fund balance	<u>\$21,605,908</u>	<u>\$315,840</u>	<u>\$2,510,183</u>	<u>\$3,142,941</u>	<u>\$27,574,872</u>

16. PRIOR PERIOD ADJUSTMENT

As noted in Note 1, the County adopted GASB 96 during the year ended September 30, 2023. Prior to the implementation of GASB 96, long-term County subscriptions were expensed as service was provided. After the implementation of GASB 96, these long-term subscriptions were reported as subscription assets and liabilities and amortized over the life of the arrangement. The effect of the change in the reporting of these long-term subscriptions was an increase to subscription assets, net by \$269,063 and an increase to subscription liabilities by \$204,417 in the statement of net position and an increase to beginning net position by \$64,646 in the statement of activities.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 14,356,606	\$ 14,356,606	\$ 14,915,626	\$ 559,020
Sales taxes	2,000,000	2,000,000	2,663,520	663,520
Mixed beverage tax	70,000	70,000	85,391	15,391
Licenses, fees and fines	2,846,005	2,846,005	2,940,381	94,376
Federal and state grants	244,770	272,704	186,536	(86,168)
Inmate revenue	80,000	80,000	84,956	4,956
Interest earned	147,500	147,500	1,081,084	933,584
Other revenue	131,000	227,790	782,866	555,076
Total revenues	19,875,881	20,000,605	22,740,360	2,739,755
Expenditures				
29th District Court	626,275	629,350	527,698	101,652
Commissioners' Court	62,991	62,991	61,738	1,253
Constable	486,092	550,682	519,067	31,615
County Attorney	307,534	307,534	301,012	6,522
County Auditor	310,786	322,256	317,610	4,646
County Clerk	446,568	480,068	455,234	24,834
County Court	230,527	230,527	218,873	11,654
County Extension Service	169,980	175,764	173,113	2,651
County Treasurer	173,174	173,674	171,617	2,057
District Attorney	382,572	387,342	354,458	32,884
District Clerk	268,861	269,411	261,479	7,932
Election Administration	213,951	213,951	203,412	10,539
Emergency Management	99,713	99,713	69,721	29,992
Emergency Medical & Health Services	175,000	175,000	175,000	-
General Operations	4,668,180	4,493,735	4,685,847	(192,112)
Health Services	10,000	10,000	10,000	-
Information Technology	144,545	149,145	140,385	8,760
Jail and Detention	2,807,205	2,962,945	2,504,424	458,521
Justice of the Peace	660,042	661,112	648,105	13,007
Narcotics Unit	187,147	179,767	169,705	10,062
Public Works	491,982	495,932	480,223	15,709
Road and Bridge:				
Precinct No. 1	620,597	620,597	492,672	127,925
Precinct No. 2	1,133,942	1,192,296	907,967	284,329
Precinct No. 3	980,247	989,510	617,934	371,576
Precinct No. 4	789,775	791,319	756,361	34,958
Sheriff	2,659,037	2,675,987	2,129,207	546,780
Tax Assessor-Collector	672,737	672,237	636,504	35,733
Veterans' Administration	47,355	47,855	43,339	4,516
Total expenditures	19,826,815	20,020,700	18,032,705	1,987,995
Excess of revenues over (under) expenditures before other sources and (uses)	49,066	(20,095)	4,707,655	4,727,750

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Other sources and (uses):				
Issuance of subscription liabilities	-	-	830,363	830,363
Proceeds from the sale of capital assets	5,000	104,761	110,368	5,607
Transfers out	(1,838,231)	(1,868,831)	(1,802,819)	66,012
Total other sources and (uses)	(1,833,231)	(1,764,070)	(862,088)	901,982
Net change in fund balances	(1,784,165)	(1,784,165)	3,845,567	5,629,732
Fund balances, beginning of year	17,760,341	17,760,341	17,760,341	-
Fund balances, end of year	<u>\$ 15,976,176</u>	<u>\$ 15,976,176</u>	<u>\$ 21,605,908</u>	<u>\$ 5,629,732</u>

PALO PINTO COUNTY, TEXAS

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ 1,165,836	\$ 1,138,604	\$ 1,078,785	\$ 1,100,438	\$ 1,073,724	\$ 995,107	\$ 1,207,726	\$ 1,046,808	\$ 1,018,218	N/A
Interest on total pension liability	3,292,856	3,147,776	3,029,788	3,112,978	2,928,202	2,546,892	2,503,133	2,523,339	2,357,748	N/A
Effect of plan changes	-	174,539	-	(3,082,847)	(150,442)	2,847,868	(3,403,227)	(192,524)	-	N/A
Effect of assumption changes or inputs	-	(80,952)	2,250,679	-	-	168,325	-	415,741	-	N/A
Effect of economic/demographic (gains) or losses	167,106	(372,086)	(413,081)	(293,307)	143,741	(272,062)	(336,008)	(989,135)	(109,415)	N/A
Benefit payments/refunds of contributions	(2,146,842)	(2,106,216)	(1,881,092)	(1,805,679)	(1,678,293)	(1,636,946)	(1,373,929)	(1,336,135)	(1,354,829)	N/A
Net change in total pension liability	2,478,956	1,901,665	4,065,079	(968,417)	2,316,932	4,649,184	(1,402,305)	1,468,094	1,911,722	N/A
Total pension liability, beginning	43,214,980	41,313,315	37,248,236	38,216,653	35,899,721	31,250,537	32,652,842	31,184,748	29,273,026	N/A
Total pension liability, ending (a)	<u>\$ 45,693,936</u>	<u>\$ 43,214,980</u>	<u>\$ 41,313,315</u>	<u>\$ 37,248,236</u>	<u>\$ 38,216,653</u>	<u>\$ 35,899,721</u>	<u>\$ 31,250,537</u>	<u>\$ 32,652,842</u>	<u>\$ 31,184,748</u>	<u>N/A</u>
Fiduciary Net Position										
Employer contributions	\$ 1,189,956	\$ 1,142,024	\$ 1,055,052	\$ 956,238	\$ 973,986	\$ 856,180	\$ 868,018	\$ 887,413	\$ 836,369	N/A
Member contributions	605,742	556,422	558,119	560,604	543,693	536,931	512,318	517,657	483,850	N/A
Investment income net of investment expenses	(2,725,675)	8,505,344	3,673,327	5,061,849	(590,482)	4,055,653	1,923,170	(48,568)	1,684,170	N/A
Benefit payments/refunds of contributions	(2,146,842)	(2,106,216)	(1,881,092)	(1,805,678)	(1,678,293)	(1,636,946)	(1,373,929)	(1,336,135)	(1,354,829)	N/A
Administrative expenses	(25,723)	(25,431)	(28,490)	(27,100)	(24,756)	(21,015)	(20,966)	(18,878)	(19,747)	N/A
Other	(10,156)	(467)	(4,404)	(4,935)	(1,611)	(3,489)	(180,009)	(322,305)	(93,265)	N/A
Net change in fiduciary net position	(3,112,698)	8,071,676	3,372,512	4,740,978	(777,463)	3,787,314	1,728,602	(320,816)	1,536,548	N/A
Fiduciary net position, beginning	47,006,976	38,935,300	35,562,788	30,821,810	31,599,273	27,811,959	26,083,357	26,404,173	24,867,625	N/A
Fiduciary net position, ending (b)	<u>\$ 43,894,278</u>	<u>\$ 47,006,976</u>	<u>\$ 38,935,300</u>	<u>\$ 35,562,788</u>	<u>\$ 30,821,810</u>	<u>\$ 31,599,273</u>	<u>\$ 27,811,959</u>	<u>\$ 26,083,357</u>	<u>\$ 26,404,173</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 1,799,658</u>	<u>\$ (3,791,996)</u>	<u>\$ 2,378,015</u>	<u>\$ 1,685,448</u>	<u>\$ 7,394,843</u>	<u>\$ 4,300,448</u>	<u>\$ 3,438,578</u>	<u>\$ 6,569,485</u>	<u>\$ 4,780,575</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	<u>96.06%</u>	<u>108.77%</u>	<u>94.24%</u>	<u>95.48%</u>	<u>80.65%</u>	<u>88.02%</u>	<u>89.00%</u>	<u>79.88%</u>	<u>84.67%</u>	<u>N/A</u>
Covered payroll	<u>\$ 8,653,457</u>	<u>\$ 7,948,879</u>	<u>\$ 7,973,135</u>	<u>\$ 8,008,635</u>	<u>\$ 7,767,043</u>	<u>\$ 7,497,204</u>	<u>\$ 7,318,831</u>	<u>\$ 7,395,103</u>	<u>\$ 6,912,147</u>	<u>N/A</u>
Net pension liability as a % of covered payroll	<u>20.80%</u>	<u>-47.70%</u>	<u>29.83%</u>	<u>21.05%</u>	<u>95.21%</u>	<u>57.36%</u>	<u>46.98%</u>	<u>88.84%</u>	<u>69.16%</u>	<u>N/A</u>

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

PALO PINTO COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution (1)</u>	<u>Actual Employer Contribution (1)</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (2)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 769,860	\$ 769,860	\$ -	\$ 6,694,417	11.5%
2015	836,369	836,369	-	6,912,147	12.1%
2016	887,413	887,413	-	7,395,103	12.0%
2017	868,018	868,018	-	7,318,831	11.9%
2018	940,711	940,711	-	7,693,090	12.2%
2019	973,986	973,986	-	7,767,043	12.5%
2020	990,948	1,050,948	(60,000)	8,038,393	13.1%
2021	977,909	1,127,909	(150,000)	7,835,814	14.4%
2022	1,103,658	1,103,658	-	8,843,416	12.5%
2023	1,128,923	1,238,923	(110,000)	9,045,844	13.7%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

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

PALO PINTO COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 21,014	\$ 18,182	\$ 17,155	\$ 11,940	\$ 13,994	\$ 12,537	N/A	N/A	N/A	N/A
Interest on total OPEB liability	12,539	12,663	14,451	16,815	14,803	15,226	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(164,520)	10,445	63,093	105,318	(45,807)	17,627	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	23,895	(19,879)	(13,085)	(9,594)	10,291	(9,405)	N/A	N/A	N/A	N/A
Benefit payments	(12,980)	(12,718)	(12,757)	(12,013)	(10,874)	(8,997)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(120,052)	8,693	68,857	112,466	(17,593)	26,988	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	594,140	585,447	516,590	404,124	421,717	394,729	N/A	N/A	N/A	N/A
Total OPEB liability, ending	<u>\$ 474,088</u>	<u>\$ 594,140</u>	<u>\$ 585,447</u>	<u>\$ 516,590</u>	<u>\$ 404,124</u>	<u>\$ 421,717</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Pensionable Covered payroll	<u>\$ 8,653,457</u>	<u>\$ 7,948,879</u>	<u>\$ 7,973,135</u>	<u>\$ 8,008,635</u>	<u>\$ 7,767,043</u>	<u>\$ 7,497,204</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability as a % of covered payroll	<u>5.48%</u>	<u>7.47%</u>	<u>7.34%</u>	<u>6.45%</u>	<u>5.20%</u>	<u>5.62%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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PALO PINTO COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 PALO PINTO COUNTY RETIREE HEALTH CARE PLAN

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$ 222,303	\$ 339,207	\$ 339,207	\$ 257,481	\$ 257,481	\$ 247,435	N/A	N/A	N/A	N/A
Interest cost	177,957	115,887	109,931	177,915	157,617	157,892	N/A	N/A	N/A	N/A
Change of benefit terms	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Difference between expected and actual experience	-	(147,800)	-	(204,297)	-	-	N/A	N/A	N/A	N/A
Changes in assumptions	-	(1,421,882)	-	371,429	-	-	N/A	N/A	N/A	N/A
Other changes	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Contributions-employer	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Net investment income	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Benefit payments	(188,260)	(188,262)	(180,590)	(180,590)	(164,666)	(164,666)	N/A	N/A	N/A	N/A
Administrative expense	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Net change in total OPEB liability	212,000	(1,302,850)	268,548	421,938	250,432	240,661	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	3,602,589	4,905,439	4,636,891	4,214,953	3,964,521	3,723,860	N/A	N/A	N/A	N/A
Total OPEB liability, ending	<u>\$ 3,814,589</u>	<u>\$ 3,602,589</u>	<u>\$ 4,905,439</u>	<u>\$ 4,636,891</u>	<u>\$ 4,214,953</u>	<u>\$ 3,964,521</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	<u>\$ 7,652,911</u>	<u>\$ 7,652,911</u>	<u>\$ 7,052,997</u>	<u>\$ 7,052,997</u>	<u>\$ 6,627,588</u>	<u>\$ 6,627,588</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability as a % of covered payroll	<u>49.84%</u>	<u>47.07%</u>	<u>69.55%</u>	<u>65.74%</u>	<u>63.60%</u>	<u>59.82%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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PALO PINTO COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2023

BUDGET

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

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

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

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

For the year ended September 30, 2023, expenditures exceeded appropriations in the General Fund's General Operations functional category by \$192,112. The over-expenditure was funded by available fund balance.

DEFINED BENEFIT PENSION PLAN

Texas County and District Retirement System

Changes in benefit terms or assumptions

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

DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Texas County and District Retirement System

Changes in benefit terms or assumptions

The only changes of the benefit terms or assumptions that affected measurement of the Texas County and District Retirement System total OPEB plan liability during the measurement period was an increase in the Investment Real Rate of Return from 2.06% per year to 3.72% per year.

PALO PINTO COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONT'D.)
YEAR ENDED SEPTEMBER 30, 2023

Palo Pinto County Retiree Health Care Plan

Changes in benefit terms or assumptions

There were no changes in the benefit terms or assumptions that affected measurement of the Palo Pinto County Retiree Health Care Plan total OPEB plan liability during the measurement period.

*COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AS OTHER SUPPLEMENTARY INFORMATION*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET - GENERAL FUND
SEPTEMBER 30, 2023

	10	11/12/13/14	
	General	Road	Total
	Fund	and Bridge	
	Fund	Fund	
ASSETS			
Cash	\$ 4,045,212	\$ 951,464	\$ 4,996,676
Investments	12,695,675	3,590,181	16,285,856
Receivables, net:			
Property taxes	275,314	56,596	331,910
Sales tax	458,121	-	458,121
Accounts	95,015	25,496	120,511
Due from other funds	134,692	32,835	167,527
Prepaid expenses	397,789	1,045	398,834
Inventory	3,520	83,075	86,595
Total assets	<u>\$ 18,105,338</u>	<u>\$ 4,740,692</u>	<u>\$ 22,846,030</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES,			
AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 280,449	\$ 73,894	\$ 354,343
Accrued liabilities	128,865	21,390	150,255
Due to other funds	4,325	-	4,325
Due to others	213,789	-	213,789
Unearned revenue	185,500	-	185,500
Total liabilities	<u>812,928</u>	<u>95,284</u>	<u>908,212</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>275,314</u>	<u>56,596</u>	<u>331,910</u>
Fund balances:			
Nonspendable	401,309	84,120	485,429
Restricted	17,957	-	17,957
Committed	7,145	-	7,145
Assigned	954,673	513,348	1,468,021
Unassigned	15,636,012	3,991,344	19,627,356
Total fund balances	<u>17,017,096</u>	<u>4,588,812</u>	<u>21,605,908</u>
Total liabilities, deferred inflows of resources,			
and fund balances	<u>\$ 18,105,338</u>	<u>\$ 4,740,692</u>	<u>\$ 22,846,030</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	10	11/12/13/14	
	General	Road	Total
	Fund	and Bridge	
	Fund	Fund	
Revenues			
Property taxes	\$ 12,203,491	\$ 2,712,135	\$ 14,915,626
Sales taxes	2,663,520	-	2,663,520
Mixed beverage tax	85,391	-	85,391
Licenses, fees and fines	2,248,273	692,108	2,940,381
Federal and state grants	186,536	-	186,536
Inmate revenue	84,956	-	84,956
Interest earned	856,890	224,194	1,081,084
Other revenue	773,780	9,086	782,866
Total revenues	19,102,837	3,637,523	22,740,360
Expenditures			
29th District Court	527,698	-	527,698
Commissioners' Court	61,738	-	61,738
Constable	519,067	-	519,067
County Attorney	301,012	-	301,012
County Auditor	317,610	-	317,610
County Clerk	455,234	-	455,234
County Court	218,873	-	218,873
County Extension Service	173,113	-	173,113
County Treasurer	171,617	-	171,617
District Attorney	354,458	-	354,458
District Clerk	261,479	-	261,479
Election Administration	203,412	-	203,412
Emergency Management	69,721	-	69,721
Emergency Medical & Health Services	175,000	-	175,000
General operations	4,685,847	-	4,685,847
Health services	10,000	-	10,000
Information Technology	140,385	-	140,385
Jail and detention	2,504,424	-	2,504,424
Justice of the Peace	648,105	-	648,105
Narcotics Unit	169,705	-	169,705
Public Works	480,223	-	480,223
Road and Bridge:			
Precinct No. 1	-	492,672	492,672
Precinct No. 2	-	907,967	907,967
Precinct No. 3	-	617,934	617,934
Precinct No. 4	-	756,361	756,361
Sheriff	2,129,207	-	2,129,207
Tax Assessor-Collector	636,504	-	636,504
Veteran's Administration	43,339	-	43,339
Total expenditures	15,257,771	2,774,934	18,032,705
Excess of revenues over expenditures before other sources and (uses)	3,845,066	862,589	4,707,655
Other sources and (uses):			
Issuance of subscription liabilities	830,363	-	830,363
Proceeds from the sale of capital assets	17,290	93,078	110,368
Transfers out	(1,760,500)	(42,319)	(1,802,819)
Total other sources and (uses)	(912,847)	50,759	(862,088)
Net change in fund balances	2,932,219	913,348	3,845,567
Fund balances, beginning of year	14,084,877	3,675,464	17,760,341
Fund balances, end of year	\$ 17,017,096	\$ 4,588,812	\$ 21,605,908

PALO PINTO COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General (10)		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 11,753,694	\$ 12,203,491	\$ 449,797
Sales taxes	2,000,000	2,663,520	663,520
Mixed beverage tax	70,000	85,391	15,391
Licenses, fees and fines	2,151,605	2,248,273	96,668
Federal and state grants	272,704	186,536	(86,168)
Inmate revenue	80,000	84,956	4,956
Interest earned	120,000	856,890	736,890
Other revenue	226,790	773,780	546,990
Total revenues	<u>16,674,793</u>	<u>19,102,837</u>	<u>2,428,044</u>
Expenditures			
29th District Court	629,350	527,698	101,652
Commissioners' Court	62,991	61,738	1,253
Constable	550,682	519,067	31,615
County Attorney	307,534	301,012	6,522
County Auditor	322,256	317,610	4,646
County Clerk	480,068	455,234	24,834
County Court	230,527	218,873	11,654
County Extension Service	175,764	173,113	2,651
County Treasurer	173,674	171,617	2,057
District Attorney	387,342	354,458	32,884
District Clerk	269,411	261,479	7,932
Election Administration	213,951	203,412	10,539
Emergency Management	99,713	69,721	29,992
Emergency Medical & Health Services	175,000	175,000	-
General operations	4,493,735	4,685,847	(192,112)
Health services	10,000	10,000	-
Information Technology	149,145	140,385	8,760
Jail and detention	2,962,945	2,504,424	458,521
Justice of the Peace	661,112	648,105	13,007
Narcotics Unit	179,767	169,705	10,062
Public Works	495,932	480,223	15,709
Road and Bridge:			
Precinct No. 1	-	-	-
Precinct No. 2	-	-	-
Precinct No. 3	-	-	-
Precinct No. 4	-	-	-
Sheriff	2,675,987	2,129,207	546,780
Tax Assessor-Collector	672,237	636,504	35,733
Veteran's Administration	47,855	43,339	4,516
Total expenditures	<u>16,426,978</u>	<u>15,257,771</u>	<u>1,169,207</u>
Excess of revenues over (under) expenditures before other sources and (uses)	<u>247,815</u>	<u>3,845,066</u>	<u>3,597,251</u>
Other sources and (uses):			
Issuance of subscription liabilities	-	830,363	830,363
Proceeds from the sale of capital assets	5,000	17,290	12,290
Transfers out	(1,760,500)	(1,760,500)	-
Total other sources and (uses):	<u>(1,755,500)</u>	<u>(912,847)</u>	<u>842,653</u>
Net change in fund balances	(1,507,685)	2,932,219	4,439,904
Fund balances, beginning of year	<u>14,084,877</u>	<u>14,084,877</u>	<u>-</u>
Fund balances, end of year	<u>\$ 12,577,192</u>	<u>\$ 17,017,096</u>	<u>\$ 4,439,904</u>

Road and Bridge (11/12/13/14)			Total		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,602,912	\$ 2,712,135	\$ 109,223	\$ 14,356,606	\$ 14,915,626	\$ 559,020
-	-	-	2,000,000	2,663,520	663,520
-	-	-	70,000	85,391	15,391
694,400	692,108	(2,292)	2,846,005	2,940,381	94,376
-	-	-	272,704	186,536	(86,168)
-	-	-	80,000	84,956	4,956
27,500	224,194	196,694	147,500	1,081,084	933,584
1,000	9,086	8,086	227,790	782,866	555,076
<u>3,325,812</u>	<u>3,637,523</u>	<u>311,711</u>	<u>20,000,605</u>	<u>22,740,360</u>	<u>2,739,755</u>
-	-	-	629,350	527,698	101,652
-	-	-	62,991	61,738	1,253
-	-	-	550,682	519,067	31,615
-	-	-	307,534	301,012	6,522
-	-	-	322,256	317,610	4,646
-	-	-	480,068	455,234	24,834
-	-	-	230,527	218,873	11,654
-	-	-	175,764	173,113	2,651
-	-	-	173,674	171,617	2,057
-	-	-	387,342	354,458	32,884
-	-	-	269,411	261,479	7,932
-	-	-	213,951	203,412	10,539
-	-	-	99,713	69,721	29,992
-	-	-	175,000	175,000	-
-	-	-	4,493,735	4,685,847	(192,112)
-	-	-	10,000	10,000	-
-	-	-	149,145	140,385	8,760
-	-	-	2,962,945	2,504,424	458,521
-	-	-	661,112	648,105	13,007
-	-	-	179,767	169,705	10,062
-	-	-	495,932	480,223	15,709
620,597	492,672	127,925	620,597	492,672	127,925
1,192,296	907,967	284,329	1,192,296	907,967	284,329
989,510	617,934	371,576	989,510	617,934	371,576
791,319	756,361	34,958	791,319	756,361	34,958
-	-	-	2,675,987	2,129,207	546,780
-	-	-	672,237	636,504	35,733
-	-	-	47,855	43,339	4,516
<u>3,593,722</u>	<u>2,774,934</u>	<u>818,788</u>	<u>20,020,700</u>	<u>18,032,705</u>	<u>1,987,995</u>
(267,910)	862,589	1,130,499	(20,095)	4,707,655	4,727,750
-	-	-	-	830,363	830,363
99,761	93,078	(6,683)	104,761	110,368	5,607
(108,331)	(42,319)	66,012	(1,868,831)	(1,802,819)	66,012
<u>(8,570)</u>	<u>50,759</u>	<u>59,329</u>	<u>(1,764,070)</u>	<u>(862,088)</u>	<u>901,982</u>
(276,480)	913,348	1,189,828	(1,784,165)	3,845,567	5,629,732
3,675,464	3,675,464	-	17,760,341	17,760,341	-
<u>\$ 3,398,984</u>	<u>\$ 4,588,812</u>	<u>\$ 1,189,828</u>	<u>\$ 15,976,176</u>	<u>\$ 21,605,908</u>	<u>\$ 5,629,732</u>

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue Funds						
	15	20	23	24	25	30	32
	CETRZ	Commissary	Historical Commission	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor- Collector
ASSETS							
Cash	\$ (100,453)	\$ 70,910	\$ 24,821	\$ 1,029	\$ 1,291	\$ 1,660	\$ 12,006
Investments	-	-	-	-	-	-	-
Receivables, net:							
Property taxes	-	-	-	-	-	-	-
Occupancy taxes	-	-	-	-	-	-	-
Accounts	148,464	11	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	430
Total assets	<u>\$ 48,011</u>	<u>\$ 70,921</u>	<u>\$ 24,821</u>	<u>\$ 1,029</u>	<u>\$ 1,291</u>	<u>\$ 1,660</u>	<u>\$ 12,436</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 48,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to others	-	115	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	<u>48,011</u>	<u>115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:							
Unavailable property taxes	-	-	-	-	-	-	-
Fund balances:							
Restricted	-	70,806	24,821	-	1,291	1,660	12,436
Committed	-	-	-	1,029	-	-	-
Total fund balances	<u>-</u>	<u>70,806</u>	<u>24,821</u>	<u>1,029</u>	<u>1,291</u>	<u>1,660</u>	<u>12,436</u>
Total liabilities and fund balances	<u>\$ 48,011</u>	<u>\$ 70,921</u>	<u>\$ 24,821</u>	<u>\$ 1,029</u>	<u>\$ 1,291</u>	<u>\$ 1,660</u>	<u>\$ 12,436</u>

Special Revenue Funds							
35 Hotel/ Motel Fund	37 Co. Attorney Pretrial Intervention	38 Opioid Settlement	42 District Attorney Forfeited	45 Sheriff Forfeited	48 District Attorney State	49 Election Services Fund	50 County Clerk PRF
\$ 44,893 22,310	\$ 35,022 -	\$ 40,163 -	\$ 85,639 -	\$ 1,267 37,458	\$ 36,500 -	\$ 2,533 -	\$ 250,181 707,754
-	-	-	-	-	-	-	-
91,559	-	-	-	-	-	-	-
-	-	-	-	-	-	-	11,830
<u>\$ 158,762</u>	<u>\$ 35,022</u>	<u>\$ 40,163</u>	<u>\$ 85,639</u>	<u>\$ 38,725</u>	<u>\$ 36,500</u>	<u>\$ 2,533</u>	<u>\$ 969,765</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	160	-	-	-	397	-	342
-	-	-	-	-	-	-	-
<u>-</u>	<u>160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397</u>	<u>-</u>	<u>342</u>
-	-	-	-	-	-	-	-
158,762	34,862	40,163	85,639	38,725	36,103	2,533	969,423
-	-	-	-	-	-	-	-
<u>158,762</u>	<u>34,862</u>	<u>40,163</u>	<u>85,639</u>	<u>38,725</u>	<u>36,103</u>	<u>2,533</u>	<u>969,423</u>
<u>\$ 158,762</u>	<u>\$ 35,022</u>	<u>\$ 40,163</u>	<u>\$ 85,639</u>	<u>\$ 38,725</u>	<u>\$ 36,500</u>	<u>\$ 2,533</u>	<u>\$ 969,765</u>

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue Funds						
	51 District Clerk PRF	52 Preservation of Records	53 Juvenile Case Management	54 Law Library Fund	55 Courthouse Security Fund	56 Justice Technology Fund	57 Justice Court Security Fee
ASSETS							
Cash	\$ 60,283	\$ 23,855	\$ 18,842	\$ 17,892	\$ 28,362	\$ 21,885	\$ 40,755
Investments	70,227	81,032	-	95,691	8,442	86,434	-
Receivables, net:							
Property taxes	-	-	-	-	-	-	-
Occupancy taxes	-	-	-	-	-	-	-
Accounts	-	-	-	396	-	-	-
Due from other funds	1,078	32	78	1,645	1,007	79	19
Total assets	<u>\$ 131,588</u>	<u>\$ 104,919</u>	<u>\$ 18,920</u>	<u>\$ 115,624</u>	<u>\$ 37,811</u>	<u>\$ 108,398</u>	<u>\$ 40,774</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 1,575	\$ 269	\$ 271	\$ -
Accrued liabilities	-	-	-	-	4,573	-	-
Due to others	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,575</u>	<u>4,842</u>	<u>271</u>	<u>-</u>
Deferred inflows of resources:							
Unavailable property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	131,588	104,919	18,920	114,049	32,969	108,127	40,774
Committed	-	-	-	-	-	-	-
Total fund balances	<u>131,588</u>	<u>104,919</u>	<u>18,920</u>	<u>114,049</u>	<u>32,969</u>	<u>108,127</u>	<u>40,774</u>
Total liabilities and fund balances	<u>\$ 131,588</u>	<u>\$ 104,919</u>	<u>\$ 18,920</u>	<u>\$ 115,624</u>	<u>\$ 37,811</u>	<u>\$ 108,398</u>	<u>\$ 40,774</u>

		Debt Service Funds		Capital Projects Funds					Total Other Governmental Funds
58 Employee Fund	59 Special Court Fund	62 Texas Capital Fund	63 TWDB Fund	70 Texas Capital Fund	71 Sewer Plant	72 Dempsey Facility	73 HAVA Project	75 Court Facility	
\$ 4,091	\$ 10,586	\$ -	\$ 6,354	\$ 100	\$ 412,654	\$ 270,546 355,287	\$ 47,010	\$ 16,167	\$ 1,486,844 1,464,635
-	-	-	-	-	-	-	-	-	-
-	-	-	352	-	-	-	-	-	352
-	-	-	-	-	-	-	-	-	91,559
21	-	-	-	-	-	-	-	-	148,892
-	-	-	89	-	-	-	-	940	17,227
<u>\$ 4,112</u>	<u>\$ 10,586</u>	<u>\$ -</u>	<u>\$ 6,795</u>	<u>\$ 100</u>	<u>\$ 412,654</u>	<u>\$ 625,833</u>	<u>\$ 47,010</u>	<u>\$ 17,107</u>	<u>\$ 3,209,509</u>
\$ 53	\$ -	\$ -	\$ -	\$ -	\$ 4,200	\$ -	\$ -	\$ -	\$ 54,379
-	-	-	-	-	-	-	-	-	5,472
-	-	-	-	-	-	-	-	-	115
-	-	-	-	-	-	6,250	-	-	6,250
<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>6,250</u>	<u>-</u>	<u>-</u>	<u>66,216</u>
-	-	-	352	-	-	-	-	-	352
-	10,586	-	6,443	100	408,454	-	47,010	-	2,501,163
4,059	-	-	-	-	-	619,583	-	17,107	641,778
4,059	10,586	-	6,443	100	408,454	619,583	47,010	17,107	3,142,941
<u>\$ 4,112</u>	<u>\$ 10,586</u>	<u>\$ -</u>	<u>\$ 6,795</u>	<u>\$ 100</u>	<u>\$ 412,654</u>	<u>\$ 625,833</u>	<u>\$ 47,010</u>	<u>\$ 17,107</u>	<u>\$ 3,209,509</u>

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

	Special Revenue Funds						
	15	20	23	24	25	30	32
			Historical	Marlow		District	Tax
	CETRZ	Commissary	Commission	Cemetery	County	Attorney	Assessor-
				Trust	Attorney	Fees	Collector
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-	-	-	-
Licenses, fees and fines	-	-	-	-	412	79	3,931
Federal and state grants	191,820	-	-	-	-	-	-
Commissary revenue	-	59,975	-	-	-	-	-
Interest earned	-	-	1,263	48	-	-	497
Other revenue	-	-	7,670	-	-	-	-
Total revenues	191,820	59,975	8,933	48	412	79	4,428
Expenditures							
Capital projects	-	-	-	-	-	-	-
Commissary	-	76,949	-	-	-	-	-
County Attorney	-	-	-	-	-	-	-
County Clerk	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Debt Service - principal	-	-	-	-	-	-	-
Debt Service - interest	-	-	-	-	-	-	-
Debt Service - bond issuance costs	-	-	-	-	-	-	-
District Attorney	-	-	-	-	-	-	-
Elections Administration	-	-	-	-	-	-	-
General operations	-	-	7,862	-	-	-	-
Hotel/motel tax	-	-	-	-	-	-	-
Road and Bridge:							
Precinct No. 1	25,577	-	-	-	-	-	-
Precinct No. 2	26,709	-	-	-	-	-	-
Precinct No. 3	104,587	-	-	-	-	-	-
Precinct No. 4	77,266	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	-
Vending expenditures	-	-	-	-	-	-	-
Total expenditures	234,139	76,949	7,862	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures before other sources/(uses)	(42,319)	(16,974)	1,071	48	412	79	4,428
Other sources:							
Transfers in	42,319	-	500	-	-	-	-
Total other sources	42,319	-	500	-	-	-	-
Net change in fund balances	-	(16,974)	1,571	48	412	79	4,428
Fund balances, beginning of year	-	87,780	23,250	981	879	1,581	8,008
Fund balances, end of year	\$ -	\$ 70,806	\$ 24,821	\$ 1,029	\$ 1,291	\$ 1,660	\$ 12,436

Special Revenue Funds							
35 Hotel/ Motel Fund	37 Co. Attorney Pretrial Intervention	38 Opioid Settlement	42 District Attorney Forfeited	45 Sheriff Forfeited	48 District Attorney State	49 Election Services Fund	50 County Clerk PRF
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
259,294	-	-	-	-	-	-	-
-	12,800	-	-	-	-	2,140	152,761
-	-	39,121	-	-	27,500	-	-
4,939	1,709	1,042	4,184	1,759	196	407	40,603
-	-	-	-	-	-	9,799	-
264,233	14,509	40,163	4,184	1,759	27,696	12,346	193,364
-	-	-	-	-	-	-	-
-	9,957	-	-	-	-	-	-
-	-	-	-	-	-	-	77,563
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	4,145	-	26,401	-	-
-	-	-	-	-	-	18,008	-
269,356	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,673	-	-	-
269,356	9,957	-	4,145	3,673	26,401	18,008	77,563
(5,123)	4,552	40,163	39	(1,914)	1,295	(5,662)	115,801
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(5,123)	4,552	40,163	39	(1,914)	1,295	(5,662)	115,801
163,885	30,310	-	85,600	40,639	34,808	8,195	853,622
\$ 158,762	\$ 34,862	\$ 40,163	\$ 85,639	\$ 38,725	\$ 36,103	\$ 2,533	\$ 969,423

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

	Special Revenue Funds						
	51 District Clerk PRF	52 Preservation of Records	53 Juvenile Case Management	54 Law Library Fund	55 Courthouse Security Fund	56 Justice Technology Fund	57 Justice Court Security Fee
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-	-	-	-
Licenses, fees and fines	16,588	939	11,831	16,800	20,410	10,412	2,834
Federal and state grants	-	-	-	-	-	-	-
Commissary revenue	-	-	-	-	-	-	-
Interest earned	5,603	4,733	576	5,017	2,213	4,818	1,860
Other revenue	-	-	-	-	-	-	-
Total revenues	22,191	5,672	12,407	21,817	22,623	15,230	4,694
Expenditures							
Capital projects	-	-	-	-	-	-	-
Commissary	-	-	-	-	-	-	-
County Attorney	-	-	-	-	-	-	-
County Clerk	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	247,365	-	-
Debt Service - principal	-	-	-	-	-	-	-
Debt Service - interest	-	-	-	-	-	-	-
Debt Service - bond issuance costs	-	-	-	-	-	-	-
District Attorney	-	-	-	-	-	-	-
Elections Administration	-	-	-	-	-	-	-
General operations	-	-	18,000	12,857	-	7,478	-
Hotel/motel tax	-	-	-	-	-	-	-
Road and Bridge:							
Precinct No. 1	-	-	-	-	-	-	-
Precinct No. 2	-	-	-	-	-	-	-
Precinct No. 3	-	-	-	-	-	-	-
Precinct No. 4	-	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	-
Vending expenditures	-	-	-	-	-	-	-
Total expenditures	-	-	18,000	12,857	247,365	7,478	-
Excess (deficiency) of revenues over (under) expenditures before other sources/(uses)	22,191	5,672	(5,593)	8,960	(224,742)	7,752	4,694
Other sources/(uses):							
Transfers in	-	-	-	-	200,000	-	-
Total other sources/(uses)	-	-	-	-	200,000	-	-
Net change in fund balances	22,191	5,672	(5,593)	8,960	(24,742)	7,752	4,694
Fund balances, beginning of year	109,397	99,247	24,513	105,089	57,711	100,375	36,080
Fund balances, end of year	\$ 131,588	\$ 104,919	\$ 18,920	\$ 114,049	\$ 32,969	\$ 108,127	\$ 40,774

		Debt Service Funds		Capital Projects Funds					Total Other Governmental Funds
58 Employee Fund	59 Special Court Fund	62 Texas Capital Fund	63 TWDB Fund	70 Texas Capital Fund	71 Sewer Plant	72 Dempsey Facility	73 HAVA Project	75 Court Facility	
\$ -	\$ -	\$ -	\$ 45,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,605
-	-	-	-	-	-	-	-	-	259,294
-	4,376	-	-	-	-	-	-	9,560	265,873
-	-	-	-	-	-	-	-	-	258,441
-	-	-	-	-	-	-	-	-	59,975
200	385	7,274	471	-	16,885	35,134	2,945	546	145,307
1,217	-	20,726	-	-	-	66,763	-	-	106,175
1,417	4,761	28,000	46,076	-	16,885	101,897	2,945	10,106	1,140,670
-	-	-	-	-	38,800	3,617	-	-	42,417
-	-	-	-	-	-	-	-	-	76,949
-	-	-	-	-	-	-	-	-	9,957
-	-	-	-	-	-	-	-	-	77,563
-	-	28,000	45,000	-	-	-	-	-	247,365
-	-	-	83	-	-	-	-	-	73,000
-	-	-	-	-	400	-	-	-	83
-	-	-	-	-	-	-	-	-	400
-	-	-	-	-	-	-	72,058	-	30,546
-	-	-	-	-	-	-	-	-	72,058
-	-	-	-	-	-	-	-	-	64,205
-	-	-	-	-	-	-	-	-	269,356
-	-	-	-	-	-	-	-	-	25,577
-	-	-	-	-	-	-	-	-	26,709
-	-	-	-	-	-	-	-	-	104,587
-	-	-	-	-	-	-	-	-	77,266
-	-	-	-	-	-	-	-	-	3,673
2,213	-	-	-	-	-	-	-	-	2,213
2,213	-	28,000	45,083	-	39,200	3,617	72,058	-	1,203,924
(796)	4,761	-	993	-	(22,315)	98,280	(69,113)	10,106	(63,254)
-	-	-	-	-	-	-	-	-	242,819
-	-	-	-	-	-	-	-	-	242,819
(796)	4,761	-	993	-	(22,315)	98,280	(69,113)	10,106	179,565
4,855	5,825	-	5,450	100	430,769	521,303	116,123	7,001	2,963,376
\$ 4,059	\$ 10,586	\$ -	\$ 6,443	\$ 100	\$ 408,454	\$ 619,583	\$ 47,010	\$ 17,107	\$ 3,142,941

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

	40 District Attorney Seized Funds	79 Sheriff's Department Civil Process	80 Tax Collection	81 Auto Registration	82 Justice of the Peace Precinct #2
Assets					
Cash	\$ 118,499	\$ 6,059	\$ 378,649	\$ 390,408	\$ 1,746
Investments	-	-	-	-	-
Other receivables	-	-	-	315	291
Due from other funds	-	-	-	-	-
Total assets	<u>118,499</u>	<u>6,059</u>	<u>378,649</u>	<u>390,723</u>	<u>2,037</u>
Liabilities					
Due to other funds	-	1,560	33,207	42,988	2,037
Due to others	-	-	1,040	-	-
Total liabilities	<u>-</u>	<u>1,560</u>	<u>34,247</u>	<u>42,988</u>	<u>2,037</u>
Net Position					
Restricted for other purposes	<u>118,499</u>	<u>4,499</u>	<u>344,402</u>	<u>347,735</u>	<u>-</u>
Total net position	<u>\$ 118,499</u>	<u>\$ 4,499</u>	<u>\$ 344,402</u>	<u>\$ 347,735</u>	<u>\$ -</u>

83	84	85	87	88	89	90
Justice of the Peace Precinct #3	Justice of the Peace Precinct #4	Justice of the Peace Precinct #5	County Treasurer (Special)	County Clerk	Juvenile Rest	District Clerk
\$ 8,626	\$ 7,690	\$ 15,986	\$ 65,837	\$ 40,691	\$ 201	\$ 19,850
-	-	-	-	-	-	-
500	-	265	-	1,529	-	1,335
-	-	-	28,875	-	-	-
<u>9,126</u>	<u>7,690</u>	<u>16,251</u>	<u>94,712</u>	<u>42,220</u>	<u>201</u>	<u>21,185</u>
9,126	7,690	16,251	601	42,220	-	19,883
-	-	-	-	-	-	-
<u>9,126</u>	<u>7,690</u>	<u>16,251</u>	<u>601</u>	<u>42,220</u>	<u>-</u>	<u>19,883</u>
-	-	-	94,111	-	201	1,302
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,111</u>	<u>\$ -</u>	<u>\$ 201</u>	<u>\$ 1,302</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

	92	93	94	95	96
	Justice of the Peace Precinct #1	County Clerk	County Attorney	District Clerk	District Attorney
Assets					
Cash	\$ 21,360	\$ 112,684	\$ 1,630	\$ 730,624	\$ 6,505
Investments	-	-	-	45,522	-
Other receivables	6,385	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>27,745</u>	<u>112,684</u>	<u>1,630</u>	<u>776,146</u>	<u>6,505</u>
Liabilities					
Due to other funds	27,745	-	9	-	-
Due to others	-	-	-	-	-
Total liabilities	<u>27,745</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>
Net Position					
Restricted for other purposes	-	112,684	1,621	776,146	6,505
Total net position	<u>\$ -</u>	<u>\$ 112,684</u>	<u>\$ 1,621</u>	<u>\$ 776,146</u>	<u>\$ 6,505</u>

97	98	110	
Public Works	Inmate Trust	Deferred Compensation	Totals
\$ 6,947	\$ 7,584	\$ -	\$ 1,941,576
-	-	1,228,996	1,274,518
-	-	-	10,620
-	-	-	28,875
<u>6,947</u>	<u>7,584</u>	<u>1,228,996</u>	<u>3,255,589</u>
5,987	-	-	209,304
-	-	-	1,040
<u>5,987</u>	<u>-</u>	<u>-</u>	<u>210,344</u>
960	7,584	1,228,996	3,045,245
<u>\$ 960</u>	<u>\$ 7,584</u>	<u>\$ 1,228,996</u>	<u>\$ 3,045,245</u>

PALO PINTO COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

	40 District Attorney Seized Funds	79 Sheriff's Department Civil Process	80 Tax Collection	81 Auto Registration	82 Justice of the Peace Precinct #2
Additions					
District Attorney	\$ 224	\$ -	\$ -	\$ -	\$ -
Sheriff's Department	-	324,604	-	-	-
Tax Assessor/Collector	-	-	85,909,297	11,479,273	-
Justices of the Peace	-	-	-	-	19,661
County Treasurer	-	-	-	-	-
County Clerk	-	-	-	-	-
Juvenile Department	-	-	-	-	-
District Clerk	-	-	-	-	-
County Attorney	-	-	-	-	-
Public Works	-	-	-	-	-
Inmate Trust	-	-	-	-	-
Deferred Compensation	-	-	-	-	-
Total additions	<u>224</u>	<u>324,604</u>	<u>85,909,297</u>	<u>11,479,273</u>	<u>19,661</u>
Deductions					
Sheriff's Department	-	325,104	-	-	-
Tax Assessor/Collector	-	-	85,950,827	11,441,087	-
Justices of the Peace	-	-	-	-	19,661
County Treasurer	-	-	-	-	-
County Clerk	-	-	-	-	-
Juvenile Department	-	-	-	-	-
District Clerk	-	-	-	-	-
County Attorney	-	-	-	-	-
Public Works	-	-	-	-	-
Inmate Trust	-	-	-	-	-
Total deductions	<u>-</u>	<u>325,104</u>	<u>85,950,827</u>	<u>11,441,087</u>	<u>19,661</u>
Change in net position	224	(500)	(41,530)	38,186	-
Net position - beginning	118,275	4,999	385,932	309,549	-
Net position - ending	<u>\$ 118,499</u>	<u>\$ 4,499</u>	<u>\$ 344,402</u>	<u>\$ 347,735</u>	<u>\$ -</u>

83	84	85	87	88	89	90
Justice of the Peace Precinct #3	Justice of the Peace Precinct #4	Justice of the Peace Precinct #5	County Treasurer (Special)	County Clerk	Juvenile Rest	District Clerk
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
72,046	82,737	91,555	-	-	-	-
-	-	-	438,512	-	-	-
-	-	-	-	38,061	-	-
-	-	-	-	-	1,585	-
-	-	-	-	-	-	86,400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>72,046</u>	<u>82,737</u>	<u>91,555</u>	<u>438,512</u>	<u>38,061</u>	<u>1,585</u>	<u>86,400</u>
-	-	-	-	-	-	-
72,046	82,737	91,555	-	-	-	-
-	-	-	445,176	-	-	-
-	-	-	-	38,061	-	-
-	-	-	-	-	1,595	-
-	-	-	-	-	-	86,400
-	-	-	-	-	-	-
<u>72,046</u>	<u>82,737</u>	<u>91,555</u>	<u>445,176</u>	<u>38,061</u>	<u>1,595</u>	<u>86,400</u>
-	-	-	(6,664)	-	(10)	-
-	-	-	100,775	-	211	1,302
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,111</u>	<u>\$ -</u>	<u>\$ 201</u>	<u>\$ 1,302</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

	92	93	94	95
	Justice of the Peace Precinct #1	County Clerk	County Attorney	District Clerk
Additions				
District Clerk	\$ -	\$ -	\$ -	\$ -
Sheriff's Department	-	-	-	-
Tax Assessor/Collector	-	-	-	-
Justices of the Peace	149,663	-	-	-
County Treasurer	-	-	-	-
County Clerk	-	58,638	-	-
Juvenile Department	-	-	-	-
District Clerk	-	-	-	427,901
County Attorney	-	-	11,622	-
Public Works	-	-	-	-
Inmate Trust	-	-	-	-
Deferred Compensation	-	-	-	-
Total additions	<u>149,663</u>	<u>58,638</u>	<u>11,622</u>	<u>427,901</u>
Deductions				
Sheriff's Department	-	-	-	-
Tax Assessor/Collector	-	-	-	-
Justices of the Peace	149,663	-	-	-
County Treasurer	-	-	-	-
County Clerk	-	20,538	-	-
Juvenile Department	-	-	-	-
District Clerk	-	-	-	294,798
County Attorney	-	-	12,122	-
Public Works	-	-	-	-
Inmate Trust	-	-	-	-
Total deductions	<u>149,663</u>	<u>20,538</u>	<u>12,122</u>	<u>294,798</u>
Change in net position	-	38,100	(500)	133,103
Net position - beginning	-	74,584	2,121	643,043
Net position - ending	<u>\$ -</u>	<u>\$ 112,684</u>	<u>\$ 1,621</u>	<u>\$ 776,146</u>

96	97	98	110	
District Attorney	Public Works	Inmate Trust	Deferred Compensation	Totals
\$ -	\$ -	\$ -	\$ -	\$ 224
-	-	-	-	324,604
-	-	-	-	97,388,570
-	-	-	-	415,662
-	-	-	-	438,512
-	-	-	-	96,699
-	-	-	-	1,585
-	-	-	-	514,301
-	-	-	-	11,622
-	88,141	-	-	88,141
-	-	164,857	-	164,857
-	-	-	98,900	98,900
-	88,141	164,857	98,900	99,543,677
-	-	-	-	325,104
-	-	-	-	97,391,914
-	-	-	-	415,662
-	-	-	-	445,176
-	-	-	-	58,599
-	-	-	-	1,595
-	-	-	-	381,198
-	-	-	-	12,122
-	87,801	-	-	87,801
-	-	166,809	-	166,809
-	87,801	166,809	-	99,285,980
-	340	(1,952)	98,900	257,697
6,505	620	9,536	1,130,096	2,787,548
\$ 6,505	\$ 960	\$ 7,584	\$ 1,228,996	\$ 3,045,245

PALO PINTO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Revenues	
Commissary revenue	\$ 12,362
Phone card revenue	41,512
Over-the-counter revenue	6,095
Other income	6
Total revenues	<u>59,975</u>
Expenditures	
Commissary:	
Operations and management	6,000
Phone card expense	18,797
Commissary supplies	2,911
Over-the-counter supplies	1,450
Indigent supplies	7,800
Cable TV	2,111
Repairs and maintenance	30
Miscellaneous expense	14,605
Capital expense	23,245
Total expenditures	<u>76,949</u>
Excess of revenues over (under) expenditures	(16,974)
Fund balance, beginning of year	<u>87,780</u>
Fund balance, end of year	<u>\$ 70,806</u>