

**TITUS COUNTY, TEXAS**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**SEPTEMBER 30, 2023**

Titus County, Texas  
TABLE OF CONTENTS  
Year ended September 30, 2023

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-11
	<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
	Government Wide Statements:	
A-1	Statement of Net Position	12
B-1	Statement of Activities	13-14
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	15-16
C-2	Reconciliation for C-1	17
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	18-19
C-4	Reconciliation for C-3	20
C-5	Budgetary Comparison Schedule - General Fund	21
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position	22
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	23
D-3	Statement of Cash Flows	24
	Fiduciary Fund Financial Statement:	
E-1	Statement of Net Position	25
	Notes to the Financial Statements	26-42
	<b><u>Required Supplemental Information</u></b>	
F-1	Schedule of Changes in Net Pension Liability and Related Ratios-TCDRS	43-44
F-2	Schedule of Contributions-TCDRS	45-46
	<b><u>COMBINING SCHEDULES</u></b>	
	Nonmajor Governmental Fund:	
G-1	Combining Balance Sheet	47-54
G-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	55-62
	Internal Service Funds:	
H-1	Combining Statement of Net Position	63
H-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	64
H-3	Combining Statement of Cash Flows	65
	Enterprise Funds:	
I-1	Combining Statement of Net Position	66
I-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	67
I-3	Combining Statement of Cash Flows	68
	<b><u>SUPPLEMENTAL INFORMATION</u></b>	
J-1	Budgetary Comparison Schedule - Debt Service Funds	69
	<b><u>REPORTS ON INTERNAL CONTROL, COMPLIANCE, &amp; FEDERAL AWARDS</u></b>	
	Independent Auditor's Report on Internal Control Over Financial Reporting And Compliance Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	70
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	71-72
	Schedule of Findings and Questioned Costs	73
	Schedule of Status of Prior Findings	74
	Corrective Action Plan	75
K-1	Schedule of Expenditures of Federal Awards	76
	Notes to Schedule of Expenditures of Federal Awards	77





CPAs & Advisors

Bob J. Arnold, CPA, PFS  
Lanny G. Walker, CPA, PFS  
Kris Arnold, CPA, PFS  
Andrew Arnold, CPA  
Melissa J. Godfrey, CPA

## INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and  
County Commissioners  
Titus County, Texas  
Mount Pleasant, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2023, and the respective changes in financial position, 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 Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

915 N. Jefferson Ave. • P.O. Box 1217 • Mt. Pleasant, TX 75456  
P. 903.572.6606 • F. 903.572.3751 • firm@awacpa.com

Member: American Institute of Certified Public Accountants • Texas State Society of Certified Public Accountants

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability and contributions to TCDRS on pages 3 through 11 and pages 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

**Arnold, Walker, Arnold & Co., P.C.**

Arnold, Walker, Arnold & Co., P.C.  
December 14, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Titus, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities and performance for the year ended September 30, 2023. The information presented here should be read in conjunction with the independent auditor's report and the County's financial statements.

### FINANCIAL HIGHLIGHTS

The County's total combined net position was \$33.6 million at September 30, 2023. This is an increase of \$950 thousand. Revenues increased \$5.7 million. ARPA funds of \$5 million were recognized and spent. Property tax revenue increased \$621 thousand. Sales tax revenue increased \$245 thousand. Expenses increased \$2.6 million. The net pension liability increased by \$159 thousand. Debt service interest increased \$940 thousand. Salaries increased \$827 thousand.

The general fund balance is \$13.69 million at September 30, 2023 which is an increase of \$3.67 million. Revenue increased \$4 million. Property taxes in the general fund increased \$446 thousand, or 6%. Sales tax increased \$272 thousand. Charges for services revenue was down \$180 thousand mainly because of a decrease in prisoner housing revenue. Expenditures increased \$1.6 million. ARPA funds of \$3.5 million were transferred into the general fund to cover previous year public safety salaries. Capital outlay costs increased \$1.4 million.

During the year, \$1.6 million of fixed assets were added. Some vehicles were purchased for the sheriff's department and equipment was purchased for use in road maintenance.

There is \$5 million in the debt service fund balance. Special revenue funds reflect fund balances of \$2.59 million. There is approximately \$543 thousand remaining in the capital projects funds for the purchase of right of way, future road construction, or for debt service reduction. The County expended \$1 million on right of way acquisition and utility relocation this year.

The County spent \$4.97 million of the funds from the American Rescue Plan and now has \$1.4 million left to spend.

Approximately 96% of the taxes levied for 2022-2023 were collected by September 30, 2023.

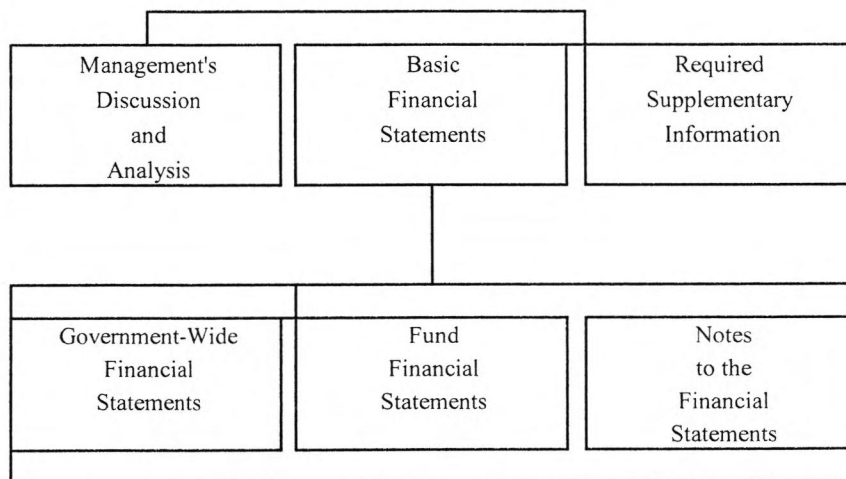
\$5.68 million of principal on debt was paid. No new debt was issued.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide information about the County's activities as a whole and present a longer-term view of the County's property and debt obligations. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as a commissary operation.
  - *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong. This fund contains District Court Clerk funds for pending cases.

Figure A-1. Required Components of the County's Annual Financial Report



Summary ⇌ Detail

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the County's Government-wide Fund Financial Statements				
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: self insurance	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	*Statement of net position	*Balance sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position	*Statement of changes in fiduciary net position
			*Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net position* and how they have changed. Net position-the difference between the County's assets and liabilities-is one way to measure the County's financial health or *position*.

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

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as public safety, highways, streets and bridges, judicial and general administration. Property taxes and charges for services finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*-not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioner's Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has three kinds of funds:

- *Governmental funds*-Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the County charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are used to report activities that provide supplies and services for the County's other programs and activities-such as the County's Self Insurance Fund.
- *Fiduciary funds*-The County is the custodian for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.



# FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's combined net position was approximately \$33.6 million at September 30, 2023.

Table A-1  
The County's Net Position  
(in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	30,543	31,889	255	178	30,798	32,067
Capital and non-current assets	106,143	116,122	36	81	106,179	116,203
<b>TOTAL ASSETS</b>	<b>136,686</b>	<b>148,011</b>	<b>291</b>	<b>259</b>	<b>136,977</b>	<b>148,270</b>
Deferred outflow-pension plan	1,608	1,706	-	-	1,608	1,706
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,608</b>	<b>1,706</b>	<b>-</b>	<b>-</b>	<b>1,608</b>	<b>1,706</b>
Long-term liabilities	97,273	100,530	-	-	97,273	100,530
Other liabilities	1,980	6,738	5	1	1,985	6,739
<b>TOTAL LIABILITIES</b>	<b>99,253</b>	<b>107,268</b>	<b>5</b>	<b>1</b>	<b>99,258</b>	<b>107,269</b>
Unavailable revenue-taxes, fines, & fees	5,628	5,455	-	-	5,628	5,455
Deferred inflow-pension plan	98	4,600	-	-	98	4,600
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,726</b>	<b>10,055</b>	<b>-</b>	<b>-</b>	<b>5,726</b>	<b>10,055</b>
Net position						
Invested in capital assets net of related debt	11,503	13,663	36	81	11,539	13,744
Restricted	8,161	8,740	-	-	8,161	8,740
Unrestricted	13,651	9,991	250	177	13,901	10,168
<b>TOTAL NET POSITION</b>	<b>33,315</b>	<b>32,394</b>	<b>286</b>	<b>258</b>	<b>33,601</b>	<b>32,652</b>

Net position invested in capital assets net of related debt reflects the book value of the County's capital assets in excess of the debt which financed those assets. The \$13.9 million of unrestricted net position represents resources available to fund the programs of the County for the next fiscal year.

The \$8.16 million is restricted as follows:

Restricted for debt service	5,019
Restricted for capital projects	549
Restricted for special revenue funds	2,593
	<u>8,161</u>

Net position of the County increased from \$32.65 million to \$33.6 million, or \$949 thousand. The County's governmental funds revenues exceeded expenditures by \$3.1 million. \$8.43 million of the amount receivable from the Texas Department of Transportation was collected this year. \$1.6 million was expended on capital outlay this year. \$5.68 million was expended on debt principal. Depreciation expense of \$1.22 million was recorded. The net pension liability recorded on the government wide statements as required by GASB 68 increased by \$159 thousand.

Changes in net position.

The County's total revenues were \$23.77 million. 47% of this came from property taxes, 16% came from sales taxes and other taxes, and 22% came from charges for services. Revenue increased as described above by \$5.7 million.

The total cost of all programs was \$22.8 million. Approximately 35% of this was for public safety, 17% was for highways, streets and bridges, and 18% was for debt service costs.

Net position increased by \$950 thousand from the excess of expenses over revenues again mainly because of the right of way acquisition costs.

Table A-2  
The County's Changes in Net Position  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for service	2,569	2,818	269	250	2,838	3,068
Operating Grants and Contributions	5,217	158	-	-	5,217	158
<u>General Revenues</u>						
Property taxes	11,269	10,648	-	-	11,269	10,648
Other taxes	3,838	3,593	-	-	3,838	3,593
Investment earnings	221	129	-	-	221	129
Other	290	336	71	61	361	397
<b>Total Revenues</b>	<u>23,404</u>	<u>17,682</u>	<u>340</u>	<u>311</u>	<u>23,744</u>	<u>17,993</u>
<b>Expenses</b>						
General government	1,590	1,417	-	-	1,590	1,417
Judicial	1,417	1,358	-	-	1,417	1,358
Legal	547	426	-	-	547	426
Financial	1,355	1,244	-	-	1,355	1,244
Public facility	335	288	-	-	335	288
Public safety	7,760	6,148	119	195	7,879	6,343
Health and welfare	185	216	-	-	185	216
Highways, streets, and bridges	3,858	3,509	-	-	3,858	3,509
County extension	116	107	-	-	116	107
Miscellaneous	103	62	-	-	103	62
Right of way acquisition	1,025	1,876	-	-	-	-
Elections	-	-	249	209	249	209
Debt service	4,136	3,196	-	-	4,136	3,196
<b>Total Expenses</b>	<u>22,427</u>	<u>19,847</u>	<u>368</u>	<u>404</u>	<u>22,795</u>	<u>20,251</u>
Transfers in (out)	(56)	(85)	56	85	-	-
<b>Increase (Decrease) in Net Position</b>	921	(2,250)	28	(8)	949	(2,258)
<b>Beginning Net Position</b>	32,394	34,799	258	266	32,652	35,065
<b>Prior Period Adjustment</b>	-	(155)	-	-	-	(155)
<b>Ending Net Position</b>	<u>33,315</u>	<u>32,394</u>	<u>286</u>	<u>258</u>	<u>33,601</u>	<u>32,652</u>



Table A-3 presents the cost of each of the County's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$22.8 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$11.3 million.
- Some of the cost was paid by those who directly benefited from the programs (\$2.6 million), or by grants and contributions (\$5.2 million).

Table A-3  
Net Cost of Selected County Functions  
(in thousands of dollars)

	Total Cost of Services		Net Costs of Services	
	2023	2022	2023	2022
General Government	1,590	1,417	828	967
Public Safety	7,760	6,148	2,057	5,297
Judicial	1,417	1,358	799	787
Highways, Streets, and Bridges	3,858	3,509	3,202	2,849

#### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported fund balance in its governmental funds of approximately \$21.85 million at September 30, 2023, an increase of \$3.09 million. This balance is composed of the following in thousands

General	13,691
Special revenue	2,593
Debt service	5,019
Capital projects	549
	<u>21,852</u>

The general fund increased \$3.67 million. Reasons for this are discussed on page 4. The capital project fund balance decreased \$1.35 million because right of way purchases and payments to move utility lines. The debt service fund balances decreased \$255 thousand or 4.8%. Decreases to tax revenue explain most of this. Special revenue fund balances increased \$692 thousand.

## General Fund Budgetary Highlights

Several budget amendments were made during the year. Even with these amendments, actual expenditures were less than budgeted by \$6 million. Actual revenues were \$476 thousand less than budgeted. \$1.7 million was budgeted as a decrease to fund balance. Actually, the fund balance increased \$3.6 million from the excess of revenues over expenditures. Not all budgeted capital outlay was not spent.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Table A-4  
County's Capital Assets  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land	350	350	-	-
Buildings and improvements	12,130	12,130	-	-
Machinery and equipment	9,249	8,044	310	310
Roads and bridges	14,945	14,945	-	-
Totals at historical cost	36,674	35,469	310	310
Total accumulated depreciation	26,283	25,460	274	230
Net capital assets	10,391	10,009	36	80

Sheriff Department vehicles and equipment for Road & Bridge were purchased.

### Long-Term Debt

Table A-5  
County's Long-Term Debt  
(in thousands of dollars)

	Governmental Activities	
	2023	2022
Bonds payable	94,641	100,529
	94,641	100,529

The County is receiving a guaranteed \$8.43 million each year over twenty years from the State to assist in paying off the debt obtained to build the Loop. No new debt was issued in the current year. Approximately \$5.9 million was paid on principal.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property tax values within the County held strong as evidenced by the reporting from the Titus County Appraisal District. The freeze adjusted taxable value for the year ending September 30, 2022 was \$ 2,471,435,078 while the value for the year ending September 30, 2023 is \$ 2,931,627,683. This is an increase of \$ 460,192,605. The increase in the prior year was \$ 347,743,211.

In late 2020, SWEPCO notified its employees of the planned closure of the Welsh Power Plant in 2028. Due to the fact that this closure was more than eight years away, the impact of this possible closure was not been reflected in the property values for that year. For the 2021 tax year, the taxable value of the Welsh Power Plant was devalued by \$10M resulting in a taxable value of \$ 150M. For 2022, the market analysis indicated a value of \$ 213,290,630 plus a reduction of \$ 73,290,630 for a pollution control exemption resulting in a taxable value of \$ 140M. For 2023, the market analysis indicated a value of \$ 198,160,290 plus a reduction of \$ 68,160,290 for a pollution control exemption resulting in a taxable value of \$ 130M. The Titus County Appraisal District cannot speculate how the circumstances and market will affect the value moving forward. Their plan is to stay in communication with SWEPCO and to continue to analyze the market. Titus County's long-term plan is to continue with the steady devaluation of this plant in order to limit the impact on tax revenues in keeping with the method followed with the closure of the Luminant Power Plant as directed by the Titus County Appraisal District.

After several years of steady devaluation, including four years of legal challenges, the County settled with the Luminant Power Plant and the plant closed in 2017. Because the County had been budgeting on a reduced value, the elimination of the value of the Luminant Plant had minimal impact on tax revenues.

The tax rate for the subsequent year's budget was reduced to \$0.3690 which is reduction of \$ 0.0573 per \$ 100 valuation with an M&O rate of \$0.3295 and an I&S rate of \$ 0.0395. The total tax rate for the year under audit was \$ 0.4263 per \$100 valuation with an M&O rate of \$ 0.3731 and an I&S rate of \$ 0.05290. Over the past five years, the total tax rate has DECREASED by \$ 0.1052 per \$ 100 valuation.

The general fund balance at September 30, 2023 is approximately \$ 13 million. The 2023-2024 general fund budgeted expenditures are \$ 4,114,165 more than the previous year's original budgeted expenditures. The 2023-2024 general fund budgeted revenues are \$ 648,769 more than the previous year's original budgeted revenues. The County's original budget for the year ended September 30, 2023 reflected an increase to fund balance; mainly due to the former American Rescue Plan Funds which are planned to be used for capital outlay and start-up costs for a County Fire Department.

The 2022-2023 budget included a salary increase of 10% within each department to be allocated by each elected official based on the duties performed by each employee. The one exception was with the sheriff's department where the salary increases were budgeted at 13.5% and allocated to each position based on the decision of the sheriff. The 2023-2024 budget includes an allowance for county-wide raises of 5% for elected officials and full-time employees with pro-rated amounts for part-time employees. The sheriff's department salary increases were budgeted at 7.5% and allocated to each position based on the decision of the sheriff. The salaries for the sheriff department continue to follow the step plan as adjusted for the county wide raises and approved by Commissioners' Court.

In May 2006, the citizens of Titus County passed an election to construct a loop around the southern end of Mt. Pleasant and Titus County. The total loop project cost was estimated to be \$168M. This state highway is a State of Texas TxDOT Pass-Through Toll Project whereby the local taxing authorities provide the initial monies, and the state reimburses at a pre-arranged dollar amount. The reimbursement by TxDOT of the costs occurs over the twenty years after completion, and the County bears the interest cost related to the bonds issued. Currently in the tenth year of reimbursement, the County receives \$ 4,215,500 every six months toward the \$168M total reimbursement. In September 2006, the County issued the first \$1.8M in bonds for this project. In September 2007, the County issued a second series of bonds for \$29.665M. In September 2009, a third series of bonds for \$ 39M was issued. In June 2012, the last two series were issued: Series 2012A for \$ 36.680M and Series 2012B for \$44.345M. The bonds will be paid back over a 20-25 year period. The bonds are refinanced as allowed in an effort to reduce the interest rate. The financial reporting for these funds is reflected in the debt service fund within these financial statements.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Titus County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the County's Auditor's Office.

## BASIC FINANCIAL STATEMENTS

## GOVERNMENT WIDE STATEMENTS

TITUS COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 16,705,391	\$ 198,640	\$ 16,904,031
Accounts Receivable (Net)	5,671,617	-	5,671,617
Inventories	-	56,106	56,106
Prepaid Items	4,600	-	4,600
Restricted Cash & Investments	8,161,537	-	8,161,537
Capital Assets:			
Land Purchase and Improvements	349,680	-	349,680
Infrastructure, Net	2,399,322	-	2,399,322
Buildings, Net	4,923,559	-	4,923,559
Furniture and Equipoment, Net	2,718,369	36,390	2,754,759
Receivable-Texas Department of Transportation	95,752,424	-	95,752,424
Total Assets	<u>136,686,499</u>	<u>291,136</u>	<u>136,977,635</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	1,607,846	-	1,607,846
Total Deferred Outflows of Resources	<u>1,607,846</u>	<u>-</u>	<u>1,607,846</u>
<b>LIABILITIES</b>			
Accounts Payable	842,882	4,851	847,733
Unearned Revenues	1,136,706	-	1,136,706
Noncurrent Liabilities:			
Due Within One Year	6,054,227	-	6,054,227
Due in More Than One Year:			
Bonds Payable - Noncurrent	88,586,356	-	88,586,356
Net Pension Liability	2,632,714	-	2,632,714
Total Liabilities	<u>99,252,885</u>	<u>4,851</u>	<u>99,257,736</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue -Taxes, Fines & Fees	5,628,049	-	5,628,049
Deferred Inflow Related to Pension Plan	98,718	-	98,718
Total Deferred Inflows of Resources	<u>5,726,767</u>	<u>-</u>	<u>5,726,767</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets and Lease Assets	11,502,771	36,390	11,539,161
Restricted:			
Restricted for Capital Acquisition	549,256	-	549,256
Restricted for Debt Service	5,019,236	-	5,019,236
Restricted for Other Purposes	2,593,045	-	2,593,045
Unrestricted Net Position	13,650,385	249,895	13,900,280
Total Net Position	<u>\$ 33,314,693</u>	<u>\$ 286,285</u>	<u>\$ 33,600,978</u>

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

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

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,590,082	\$ 761,857	\$ -
Judicial	1,417,493	607,691	9,792
Legal	546,563	4,588	37,505
Financial	1,354,898	-	-
Public Facility	334,636	48,609	-
Public Safety	7,760,467	436,737	5,165,935
Health & Welfare	185,315	52,920	3,395
Highways, Streets, & Bridges	3,858,028	656,808	-
Cultural and Recreational	1,145	-	-
County Extension	115,853	-	-
Miscellaneous	101,642	-	-
Right of Way Acquisition and Utility Relocation	1,025,280	-	-
Interest on Debt	4,129,660	-	-
Other Debt Service	6,050	-	-
Total Governmental Activities	22,427,112	2,569,210	5,216,627
BUSINESS-TYPE ACTIVITIES:			
Commissary	118,519	234,460	-
Election	249,367	34,328	1,067
Total Business-Type Activities	367,886	268,788	1,067
TOTAL PRIMARY GOVERNMENT	\$ 22,794,998	\$ 2,837,998	\$ 5,217,694

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Other Taxes

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

## EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (828,225)	\$ -	\$ (828,225)
(800,010)	-	(800,010)
(504,470)	-	(504,470)
(1,354,898)	-	(1,354,898)
(286,027)	-	(286,027)
(2,157,795)	-	(2,157,795)
(129,000)	-	(129,000)
(3,201,220)	-	(3,201,220)
(1,145)	-	(1,145)
(115,853)	-	(115,853)
(101,642)	-	(101,642)
(1,025,280)	-	(1,025,280)
(4,129,660)	-	(4,129,660)
(6,050)	-	(6,050)
(14,641,275)	-	(14,641,275)
-	115,941	115,941
-	(213,972)	(213,972)
-	(98,031)	(98,031)
(14,641,275)	(98,031)	(14,739,306)
9,966,666	-	9,966,666
1,303,376	-	1,303,376
3,837,853	-	3,837,853
289,645	71,318	360,963
220,295	-	220,295
(55,750)	55,750	-
15,562,085	127,068	15,689,153
920,810	29,037	949,847
32,393,883	257,248	32,651,131
\$ 33,314,693	\$ 286,285	\$ 33,600,978



GOVERNMENTAL FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	General Fund	Major Special Revenue Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 13,919,922	\$ 1,395,000	\$ 5,019,236
Accounts Receivable (Net)	5,405,598	-	88,816
Prepaid Items	4,600	-	-
Total Assets	<u>\$ 19,330,120</u>	<u>\$ 1,395,000</u>	<u>\$ 5,108,052</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 234,172	\$ -	\$ -
Unearned Revenues	41,511	1,395,000	-
Total Liabilities	<u>275,683</u>	<u>1,395,000</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue -Taxes, Fines & Fees	5,363,675	-	88,816
Total Deferred Inflows of Resources	<u>5,363,675</u>	<u>-</u>	<u>88,816</u>
<b>FUND BALANCES</b>			
Capital Projects	-	-	-
Retirement of Long-Term Debt	-	-	5,019,236
Reported in Special Revenue Funds	-	-	-
Unassigned Fund Balance	13,690,762	-	-
Total Fund Balances	<u>13,690,762</u>	<u>-</u>	<u>5,019,236</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 19,330,120</u>	<u>\$ 1,395,000</u>	<u>\$ 5,108,052</u>

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

Other Funds	Total Governmental Funds
\$ 3,748,877	\$ 24,083,035
177,203	5,671,617
-	4,600
<u>\$ 3,926,080</u>	<u>\$ 29,759,252</u>
\$ 433,239	\$ 667,411
174,982	1,611,493
<u>608,221</u>	<u>2,278,904</u>
175,558	5,628,049
<u>175,558</u>	<u>5,628,049</u>
549,256	549,256
-	5,019,236
2,593,045	2,593,045
-	13,690,762
<u>3,142,301</u>	<u>21,852,299</u>
<u>\$ 3,926,080</u>	<u>\$ 29,759,252</u>

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

<b>Total Fund Balances - Governmental Funds</b>	\$ 21,852,299
The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase (decrease) net position.	749,569
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position. Also, a receivable from TxDOT to help pay debt payments is included.	13,518,781
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase (decrease) net position.	7,294,675
Included in the items related to debt is the recognition of the County's proportionate share of the net pension was a Deferred Resource Outflow in the amount of \$1,607,846, a Deferred Resource Inflow in the amount of \$98,718 and a net pension liability in the amount of \$2,632,714. The impact of this on Net Position is (\$1,123,586). Changes from the current year reporting resulted in a decrease in net position in the amount of \$158,768. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$1,123,586).	(1,123,586)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,225,059)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(7,751,986)
<b>Net Position of Governmental Activities</b>	<u>\$ 33,314,693</u>

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

	General Fund	Major Special Revenue Fund	Debt Service Fund
REVENUES:			
Taxes	\$ 11,167,036	\$ -	\$ 1,297,860
Licenses and Permits	69,128	-	-
Intergovernmental Revenue and Grants	3,574,903	4,966,304	8,431,000
Charges for Services	1,713,501	-	-
Fines	-	-	-
Other Revenue	228,705	-	40,302
Total Revenues	16,753,273	4,966,304	9,769,162
EXPENDITURES:			
General Government	1,314,405	-	-
Judicial	1,127,936	-	-
Legal	421,723	-	-
Financial	1,328,500	-	-
Public Facility	330,854	-	-
Public Safety	5,642,527	4,921,304	-
Health & Welfare	185,315	-	-
Highways, Streets, & Bridges	407,005	-	-
Cultural and Recreational	-	-	-
County Extension	112,071	-	-
Miscellaneous	-	-	-
Principal on Debt	-	-	5,685,000
Interest on Debt	-	-	4,333,887
Other Debt Service	-	-	6,050
Capital Outlay	1,564,675	45,000	-
Total Expenditures	12,435,011	4,966,304	10,024,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,318,262	-	(255,775)
OTHER FINANCING SOURCES (USES):			
Transfer In	43,547	-	-
Sale of Assets	-	-	-
Transfers (Out)	(694,094)	-	-
Loan repayments (interfund)	-	-	-
Total Other Financing Sources (Uses)	(650,547)	-	-
Net Change in Fund Balances	3,667,715	-	(255,775)
Fund Balance - October 1 (Beginning)	10,023,047	-	5,275,011
Fund Balance - September 30 (Ending)	\$ 13,690,762	\$ -	\$ 5,019,236

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

Other Funds	Total Governmental Funds
\$ 2,565,078	\$ 15,029,974
656,808	725,936
296,521	17,268,728
178,977	1,892,478
4,068	4,068
15,276	284,283
3,716,728	35,205,467
-	1,314,405
269,668	1,397,604
98,225	519,948
3,709	1,332,209
-	330,854
216,603	10,780,434
-	185,315
3,573,095	3,980,100
1,145	1,145
-	112,071
101,642	101,642
-	5,685,000
-	4,333,887
-	6,050
-	1,609,675
4,264,087	31,690,339
(547,359)	3,515,128
258,300	301,847
112,161	112,161
(78,747)	(772,841)
(67,625)	(67,625)
224,089	(426,458)
(323,270)	3,088,670
3,465,571	18,763,629
\$ 3,142,301	\$ 21,852,299

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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 3,088,670</b>
The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.	37,092
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase (decrease) the change in net position.	7,294,675
The impact of adjusting the net pension liabilities as required by GASB 68 was to increase expense by \$158,768.	(158,768)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(1,225,059)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.	(8,115,800)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 920,810</b>

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

TITUS COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 10,564,208	\$ 10,564,208	\$ 11,167,036	\$ 602,828
Licenses and Permits	33,000	44,273	69,128	24,855
Intergovernmental Revenue and Grants	9,350	4,850,654	3,574,903	(1,275,751)
Charges for Services	1,584,720	1,657,320	1,713,501	56,181
Other Revenue	113,536	113,536	228,705	115,169
Total Revenues	12,304,814	17,229,991	16,753,273	(476,718)
<b>EXPENDITURES:</b>				
Current:				
General Government	2,159,979	4,063,692	1,314,405	2,749,287
Judicial	1,273,978	1,291,542	1,127,936	163,606
Legal	549,242	538,235	421,723	116,512
Financial	1,474,396	1,457,395	1,328,500	128,895
Public Facility	322,545	379,226	330,854	48,372
Public Safety	7,112,328	6,122,593	5,642,527	480,066
Health & Welfare	250,018	242,568	185,315	57,253
Highways, Streets, & Bridges	-	441,806	407,005	34,801
Public Safety:				
County Extension	110,905	112,613	112,071	542
Capital Outlay:				
Capital Outlay	281,112	3,787,325	1,564,675	2,222,650
Total Expenditures	13,534,503	18,436,995	12,435,011	6,001,984
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,229,689)	(1,207,004)	4,318,262	5,525,266
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer In	-	11,315	43,547	32,232
Transfers (Out)	(543,150)	(543,150)	(694,094)	(150,944)
Total Other Financing Sources (Uses)	(543,150)	(531,835)	(650,547)	(118,712)
Net Change	(1,772,839)	(1,738,839)	3,667,715	5,406,554
Fund Balance - October 1 (Beginning)	10,023,047	10,023,047	10,023,047	-
Fund Balance - September 30 (Ending)	\$ 8,250,208	\$ 8,284,208	\$ 13,690,762	\$ 5,406,554

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



## PROPRIETARY FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2023

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 198,640	\$ 783,893
Inventories	56,106	-
Total Current Assets	254,746	783,893
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	-	79,790
Buildings, net	-	61,357
Furniture and Equipment, net	36,390	-
Total Noncurrent Assets	36,390	141,147
Total Assets	291,136	925,040
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	4,851	175,471
Total Liabilities	4,851	175,471
<b>NET POSITION</b>		
Net Investment in Capital Assets and Lease Assets	36,390	141,147
Unrestricted Net Position	249,895	608,422
Total Net Position	\$ 286,285	\$ 749,569

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

TITUS COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT D-2

	Business-Type Activities	Governmental Activities
	Total	Total
	Enterprise Funds	Internal Service Funds
OPERATING REVENUES:		
Intergovernmental Revenue and Grants	\$ 1,067	\$ -
Charges for Services	268,788	1,875,469
Other Revenue	71,318	29,489
Total Operating Revenues	341,173	1,904,958
OPERATING EXPENSES:		
Public Safety	118,519	-
Highways, Streets, & Bridges	-	240,100
Elections	205,094	-
Insurance Coverage & Medical Claims	-	2,039,975
Depreciation	44,273	3,035
Total Operating Expenses	367,886	2,283,110
Income (Loss) Before Transfers	(26,713)	(378,152)
Transfers In/(Out)	55,750	415,244
Change in Net Position	29,037	37,092
Total Net Position - October 1 (Beginning)	257,248	712,477
Total Net Position - September 30 (Ending)	\$ 286,285	\$ 749,569

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

TITUS COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 341,173	\$ 27,695
Cash Received from Assessments - Other Funds	-	1,877,263
Cash Payments to Employees for Services	(147,595)	(2,245,032)
Cash Payments for Suppliers	(209,632)	(31,480)
Net Cash Provided by (Used for) Operating Activities	(16,054)	(371,554)
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase (Decrease) in Short-term Loans	-	-
Operating Transfer In/(Out)	55,750	415,244
Net Cash Provided by Non-Capital Financing Activities	55,750	415,244
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	-	-
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	-
Net Increase in Cash and Cash Equivalents	39,696	43,690
Cash and Cash Equivalents at Beginning of Year	158,944	740,203
Cash and Cash Equivalents at End of Year	<u>\$ 198,640</u>	<u>\$ 783,893</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss)	\$ (26,713)	\$ (378,152)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	44,273	3,035
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Inventories	(37,047)	-
Increase (Decrease) in Accounts Payable	3,433	3,563
Net Cash Provided by (Used for) Operating Activities	<u>\$ (16,054)</u>	<u>\$ (371,554)</u>

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

## FIDUCIARY FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2023

	Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,999,433
Total Assets	<u>1,999,433</u>
LIABILITIES	
District Court cases payable/pending	1,223,493
County Clerk cash bonds/ cases payable	555,997
Bail Bonds Board deposits	<u>219,943</u>
Total Liabilities	<u>1,999,433</u>

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

Titus County, Texas  
NOTES TO THE FINANCIAL STATEMENTS  
At September 30, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Titus County, Texas is a county government operating under the applicable laws and regulations of the State of Texas. It is governed by a five member Commissioner's Court elected by registered voters of the County. The County prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

**A. REPORTING ENTITY**

The Commissioner's Court is elected by the public and it has the authority to make decisions and significantly influence operations. It has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of Titus County with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the County. Examples include fees of offices. The "grants and contributions" column includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the County's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

## **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The County considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.



## D. FUND ACCOUNTING

The County reports the following major governmental funds:

1. **The General Fund** -- The general fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Special Revenue Funds** -- One Special Revenue Fund is a major fund. See the definition of these funds below.
3. **Debt Service Fund** -- The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the County reports the following fund type(s):

### Governmental Funds:

1. **Special Revenue Funds** -- The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.
2. **Capital Project Funds** -- The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

### Proprietary Funds:

1. **Enterprise Funds** -- The County's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The County's non-major Enterprise Funds and commissary store at the County Jail and on Election Funds.
2. **Internal Service Funds** -- Revenues and expenses related to services provided to organizations inside the County on a cost reimbursement basis are accounted for in an internal service fund. The County's Internal Service Fund are a maintenance facility and a health insurance fund.

### Fiduciary Funds:

1. **Custodial Fund** - The County accounts for resources held for others in a custodial capacity in custodial funds. The County's Custodial funds contains the County Court Clerk funds for pending cases, the County Clerk cash bond accounts and the Bail Bond Board fund.

**E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary funds, the County considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
3. Capital assets, which include land, buildings, machinery and equipment and roads and bridges are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 date of donation.

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.

Buildings, machinery and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	15-50
Vehicles	4-7
Office Equipment	5-7
Computer Equipment	5-7
Machinery	7
Roads and Bridges	50

4. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the County as a whole.
5. Some cash and investments are restricted for future debt payments and for purchase of right of way.
6. The County has a self-insurance fund for health insurance.
7. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
8. When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
9. Investments are recorded at fair market value.
10. Deferred Outflows/Inflows of Resources—The County implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended September 30, 2013. The County implemented GASB Statement No. 68, as amended by GASB no. 71, Accounting and Financial Reporting for Pensions for the year ended September 30, 2016. 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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one type of item that qualifies for reporting in this category, deferred outflows related to TCDRS as per GASB 68 related to pension accounting. This will be recognized as an outflow of resources in the subsequent years as it is amortized.

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, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, property taxes, fines, and fees. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

11. Fund balance measures the net financial resources available to finance expenditures of future periods. The County's Unassigned General Fund Balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the County Commissioner's Court.

Fund balance of the County may be committed for a specific source by formal action of the County Commissioner's Court. Amendments or modifications of the committed fund balance must also be approved by formal action of the Commissioner's Court.

When it is appropriate for fund balance to be assigned, the Commissioner's Court delegates authority to the County Judge and Auditor. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. Also, a receivable from TxDot to make principal and interest payments on the Loop Construction completed in 2016 is not reflected in the governmental funds. Reimbursements from TxDot are to be received semi-annually as debt payments come due. The details of capital assets, the TxDot receivable, the net pension liability, and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	269,890	-	269,890	
Buildings and Improvements	11,973,529	6,853,942	5,119,587	
Machinery and Equipment	7,925,622	6,147,941	1,777,681	
County Roads & Bridges	14,945,000	12,246,991	2,698,009	
Change in Net Position	<u>35,114,041</u>	<u>25,248,874</u>	<u>9,865,167</u>	<u>9,865,167</u>
Receivable-TxDot--Balance at beginning of year				<u>104,183,424</u>
This does not include fixed assets of the internal service funds.				
<u>Long-term liabilities at the Beginning of the year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			<u>100,529,810</u>	
Change in Net Position				<u>(100,529,810)</u>
Net Adjustment to Net Position				<u>13,518,781</u>

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current year Capital Outlay</u>			
Land	-	-	-
Buildings and improvements	-	-	-
Machinery and equipment	1,609,675	1,609,675	1,609,675
Total Capital Outlay	<u>1,609,675</u>	<u>1,609,675</u>	<u>1,609,675</u>
Book value of land donated	-	-	-
<u>Debt Principal Payments</u>			
Bond Principal	5,685,000	5,685,000	5,685,000
Total Principal Payments	<u>5,685,000</u>	<u>5,685,000</u>	<u>5,685,000</u>
Total Adjustments to Net Position		<u>7,294,675</u>	<u>7,294,675</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	231,397	(231,397)	-
Uncollected taxes (assumed collectible) from Current Year Levy	279,111	279,111	279,111
Uncollected Taxes (assumed collectible) from Prior Year Levy	195,676	-	195,676
Effect of prior year tax entry	4,366	(4,366)	-
Collection on TxDot receivable	8,431,000	(8,431,000)	(8,431,000)
<u>Reclassify Proceeds of Bonds, Loans, and Capital Leases</u>			
Amortization of Bond Premium	204,227	204,227	204,227
Inter-fund loans, beginning of year	67,625	-	(67,625)
Loan payments between funds	67,625	67,625	67,625
Total		<u>(8,115,800)</u>	<u>(7,751,986)</u>

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. BUDGETARY DATA

The County prepares its appropriated budget on a basis consistent with generally accepted accounting principles using the organization perspective, that is, the budget follows the formal, usually statutory, patterns of authority and responsibility granted to actually carry out the functions of the government. For example, the county judge's office has a separate budget from the county sheriff's office; although, various offices may be subsidized from revenues generated by maintenance and operation ad valorem taxes.

The county auditor and the county judge prepare an estimated budget based on recommendations and requests submitted by each department head. This estimated budget is presented to the commissioners, who then begin the process of reallocating specific items that, in their opinion, need to be modified. The final budget, when approved by the commissioner's court, is filed for public inspection with the county clerk. Public hearings are then held, if required, and the budget is adjusted, if necessary, and approved in its final form by commissioner's court. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Revisions to the budget were made throughout the year.

The County does not record encumbrances as part of its accounting records.

### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

#### A. CASH, CASH EQUIVALENTS AND INVESTMENTS

##### Cash and Cash Equivalents

##### County Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the County complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in foreign currencies.

As of September 30, 2023, the following are the County's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash, Money Markets and FDIC Insured Accounts	27,065,001	100.0%	27,065,001	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 27,065,001</u>	100.0%	<u>\$ 27,065,001</u>	<u>-</u>	<u>-</u>	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- Depository: Guaranty Bank and Trust
- The market value of securities pledged as of September 30, 2023 was \$28,766,829.
- The combined balances of cash, savings, and time deposit accounts amounted to \$28,471,266 as of September 30, 2023.
- Total amount of FDIC coverage at September 30, 2023 was \$500,000.



## Investments

### County Policies and Legal and Contractual Provisions Governing Investments

#### **Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. TITUS COUNTY, TEXAS is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for TITUS COUNTY, TEXAS are specified below:

*Credit Risk* To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the County limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2023, the County did not invest in commercial paper.

*Custodial Credit Risk for Investments* To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the County requires counterparties to register the securities in the name of the County and hand them over to the County or its designated agent. This includes securities in securities lending transactions.

*Concentration of Credit Risk* To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the County limits investments to less than 5% of its total investments. The County further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

*Interest Rate Risk* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires all of the investment portfolio to have maturities of less than one year.

*Foreign Currency Risk for Investments* The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

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.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

As of September 30, 2023, TITUS COUNTY, TEXAS had no investments subject to the fair value measurement. TITUS COUNTY, TEXAS has no investments other than at the depository bank.

## **B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

## **C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

## **D. INTERFUND TRANSFERS & BALANCES**

Transfers between funds were as follows:

Transfers to Non-major Governmental Funds from:	
General Fund	83,300
Enterprise Funds	175,000
Non-major Governmental Funds	-
Total	<u>258,300</u>
Transfers to Internal Service Funds from:	
General Fund	380,044
Non-major Governmental Funds	35,200
Total	<u>415,244</u>
Transfers to Enterprise Funds from:	
General Fund	230,750
Total	<u>230,750</u>
Transfers to General Fund from:	
Non-major Governmental Funds	43,547
Internal Service Funds	-
Total	<u>43,547</u>
Total	<u>947,841</u>

There were no Due to/from balances at September 30, 2023.

# **E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2023, were as follows:

	Property Taxes	Fees of Office	Intergover- nmental	Due from Other Funds	Other	Total Receivables
<b>Governmental Activities:</b>						
General Fund	559,920	10,012,445	41,923	-	-	10,614,288
Major Debt Service Fund	98,684	-	-	-	-	98,684
Non-major Governmental Funds	195,063	-	1,645	-	-	196,708
Internal Service Funds	-	-	-	-	-	-
Total-Governmental Activities	<u>853,667</u>	<u>10,012,445</u>	<u>43,568</u>	<u>-</u>	<u>-</u>	<u>10,909,680</u>
Amount not scheduled for collection during the subsequent year	<u>85,365</u>	<u>5,152,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,238,063</u>
<b>Proprietary Activities:</b>						
Non-major Proprietary Funds	-	-	-	-	-	-
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Payables at September 30, 2023, were as follows:

	Accounts	Salaries and Benefits	Due to Other Governments	Due to Other Funds	Other	Total Payables
<b>Governmental Activities:</b>						
General Fund	163,584	15,900	-	-	54,688	234,172
Non-major Governmental Funds	28,855	-	-	-	404,384	433,239
Internal Service Funds	3,040	172,431	-	-	-	175,471
Total-Governmental Activities	<u>195,479</u>	<u>188,331</u>	<u>-</u>	<u>-</u>	<u>459,072</u>	<u>842,882</u>
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Proprietary Activities:</b>						
Non-major Proprietary Funds	4,851	-	-	-	-	4,851
Amount not scheduled for collection during the subsequent year	<u>4,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,851</u>



## F. CAPITAL ASSET ACTIVITY

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

	Primary Government			
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
District:				
Land	349,680	-	-	349,680
Buildings and Improvements	12,130,381	-	-	12,130,381
Machinery and Equipment	8,044,225	1,609,675	(404,545)	9,249,355
County Roads and Bridges	14,945,000	-	-	14,945,000
Totals at Historic Cost	35,469,286	1,609,675	(404,545)	36,674,416
Less Accumulated Depreciation for:				
Buildings and Improvements	(6,946,402)	(260,420)	-	(7,206,822)
Machinery and Equipment	(6,266,544)	(668,987)	404,545	(6,530,986)
Roads	(12,246,991)	(298,687)	-	(12,545,678)
Total Accumulated Depreciation	(25,459,937)	(1,228,094)	404,545	(26,283,486)
Governmental Activities Capital Assets, Net	10,009,349	381,581	-	10,390,930
Business-type Activities:				
Furniture and Equipment	310,276	-	-	310,276
Less Accumulated Depreciation				
Furniture and Equipment	(229,613)	(44,273)	-	(273,886)
Business-type Activities Capital Assets, Net:	80,663	(44,273)	-	36,390

Depreciation expense was charged to proprietary activities functions as follows:

Elections	<u>44,273</u>
-----------	---------------

Depreciation expense was charged to governmental functions as follows:

General government	238,790
Public Safety	350,111
Highways, streets, and bridges	639,193
Total Depreciation Expense	<u>1,228,094</u>

The above includes internal service funds depreciation of \$3,035.

## G. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2023.

<u>Description</u>	<u>Interest Rate</u>	<u>Payable at 10/1/2022</u>	<u>Additions (Reductions)</u>	<u>Payable at 9/30/2023</u>	<u>Due within one year</u>
Pass-Through Toll Revenue and Limited Tax Bonds-Series 2012-B	3-5%	6,565,000	(2,010,000)	4,555,000	2,070,000
Bond Premium-Series 2012-B		342,708	(57,118)	285,590	57,118
Unlimited Tax Refunding Bonds- Series 2016	2%- 5.00%	23,265,000	(1,420,000)	21,845,000	1,495,000
Bond Premium--Series 2016		260,628	(37,232)	223,396	37,232
Unlimited Tax Refunding Bonds- Series 2017	2%- 5.00%	14,425,000	(1,770,000)	12,655,000	1,860,000
Bond Premium--Series 2017		681,875	(97,410)	584,465	97,410
Unlimited Tax Refunding Bonds- Series 2019	3%-3.25%	29,720,000	(125,000)	29,595,000	60,000
Bond Premium--Series 2019		149,599	(12,467)	137,132	12,467
General Obligation Refunding Bonds Series 2020	1%-2.30%	25,120,000	(360,000)	24,760,000	365,000
		<u>100,529,810</u>	<u>(5,889,227)</u>	<u>94,640,583</u>	<u>6,054,227</u>

The debt service fund long-term debt as of September 30, 2023, follows:

(A) Pass-Through Toll Revenue and Limited Tax Bonds Series 2012-B	4,555,000
Due in annual installments with interest at 3-5%	
(B) Unamortized Bond Premium-Series 2012-B	285,590
(C) Unlimited Tax Refunding Bonds	21,845,000
Series 2016 Due in annual installments with interest at 2-5%	
(D) Unamortized Bond Premium- Series 2016	223,396
(E) Unlimited Tax Refunding Bonds	12,655,000
Series 2017 Due in annual installments with interest at 2-5%	
(F) Unamortized Bond Premium-Series 2017	584,465
(G) Unamortized Tax Refunding Bonds- Series 2019	29,595,000
Due in annual installments with interest at 3-3.25%	
(H) Unamortized Bond Premium-Series 2019	137,132
(I) General Obligation Refunding Bonds- Series 2020	24,760,000
Due in annual installments with interest at 1-2.3%	
	<u>94,640,583</u>

#### **G. CHANGES IN LONG-TERM DEBT (cont'd)**

The annual requirements to amortize bonded debt and certificates of obligation as of September 30, 2023, follows:

Year Ended September 30	General Obligations		Total
	Principal	Interest	Requirements
2024	5,850,000	4,169,893	10,019,893
2025	7,460,000	2,564,434	10,024,434
2026	7,675,000	2,343,462	10,018,462
2027	7,920,000	2,099,253	10,019,253
2028	8,195,000	1,826,284	10,021,284
2029-2033	46,025,000	5,838,388	51,863,388
2034-2038	10,285,000	151,548	10,436,548
	<u>93,410,000</u>	<u>18,993,262</u>	<u>112,403,262</u>

In November 2016, the County issued the Unlimited Tax Refunding Bonds, Series 2016. Proceeds were used to refund a portion of the Series 2007 and Series 2009 bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.7 million and an economic gain of approximately \$2.91 million in present value. The principal balance of the refunded bonds at September 30, 2023 is, Series 2007, \$14.13 million and Series 2009, \$21.84 million.

In July 2018, the County issued the Tax Refunding Bonds, Series 2016. Proceeds were used to refund a portion of the Series 2009 bonds. This transaction resulted in a reduction in future debt service payments of approximately \$1.76 million and an economic gain of approximately \$1.49 million in present value. The principal balance of the refunded bonds at September 30, 2023 is \$21.84 million.

In November 2019, the County issued the Unlimited Tax Refunding Bonds, Series 2019. Proceeds were used to refund a portion of the Series 2012A bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.3 million and an economic gain of approximately \$2.58 million in present value. The principal balance of the refunded bonds at September 30, 2023 is, Series 2012A, \$29.52 million.

In September 2020, the County issued the General Obligation Refunding Bonds, Series 2020. Proceeds were used to refund a portion of the Series 2012B bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.1 million and an economic gain of approximately \$2.7 million in present value. The principal balance of the refunded bonds at September 30, 2023 is \$28.53 million.

The state is repaying the \$168.62 million pass-through reimbursements to the County to assist in paying off the debt. The remaining balance to be received is \$95.75million.

#### **H. RECEIVABLE- TEXAS DEPARTMENT OF TRANSPORTATION**

The Loop construction was completed in a prior year. In exchange for assuming maintenance and ownership of the completed loop, the state has begun payments on the \$168.62 million pass through reimbursements. This is payable over a maximum of twenty years beginning at a minimum of \$8.431 million per year. The balance is \$95.75 million at September 30, 2023.

## I. DEFINED BENEFIT PENSION PLANS

### Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. A member is vested after 10 years of service but must leave his accumulated contributions in the plan to receive any employer-financed benefit. If a member withdraws his personal contributions in a lump-sum, he is not entitled to any amounts contributed by the employer.

All eligible employees of the County are required to participate in the TCDRS.

### Benefits Provided

TCDRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

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

Employees covered by benefit terms.

At December 31, 2021 and 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefits	138	154
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	<u>145</u>	<u>145</u>
	<u>283</u>	<u>299</u>

### Contributions

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 11.86% and 13.29% in calendar years 2021 and 2022. The County's contributions to TCDRS for the year ended September 30, 2023 was \$880,934 and was equal to the required contributions.

### Net Pension Liability

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

#### Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.5% per year

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

The long-term expected rate of return on pension plan investments is 7.6% for 2021 and 7.6% for 2022 measurement dates. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

## I. DEFINED BENEFIT PENSION PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equity	11.5%	4.95%
International Equity	11.0%	4.95%
Various	46.5%	.02%-6.95%
Hedge Funds	6.0%	2.90%
Private Equity	25.0%	7.95%
Total	100.0%	

### Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6% for 2021 and 7.6% for 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### Changes in the Net Pension Liability

	Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at December 31, 2021	\$ 36,963,938	\$ 38,893,175	\$ (1,929,237)
Changes for the year:			
Service cost	829,708	-	829,708
Interest	2,788,782	-	2,788,782
Effects of plan changes	-	-	-
Effects of economic/demographic gains/losses	(85,167)	-	(85,167)
Changes of assumptions	-	-	-
Contributions - employer	-	835,163	(835,163)
Contributions - employee	-	439,890	(439,890)
Net investment income	-	(2,199,218)	2,199,218
Benefit payments, including refund of contributions	(2,239,304)	(2,239,304)	-
Administrative expense	-	(20,877)	20,877
Other changes	-	(83,586)	83,586
Net changes	\$ 1,294,019	\$ (3,267,932)	\$ 4,561,951
Balance at December 31, 2022	\$ 38,257,957	\$ 35,625,243	\$ 2,632,714

## I. DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the net pension liability to changes in the discount rate

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

Measurement Date	1% Decrease in Discount Rate 6.6%	Discount Rate 7.6%	1% Increase in Discount Rate 8.6%
12/31/2016 County's net pension liability/(Asset)	\$ 6,267,969	\$ 2,750,950	\$ (184,333)
12/31/2017 County's net pension liability/(Asset)	\$ 4,789,840	\$ 1,142,267	\$ (1,941,859)
12/31/2018 County's net pension liability/(Asset)	\$ 7,466,655	\$ 3,721,521	\$ 552,806
12/31/2019 County's net pension liability/(Asset)	\$ 5,380,499	\$ 1,550,003	\$ (1,690,248)
12/31/2020 County's net pension liability/(Asset)	\$ 6,933,075	\$ 2,605,953	\$ (1,034,896)
12/31/2021 County's net pension liability/(Asset)	\$ 2,613,032	\$ (1,929,237)	\$ (5,752,589)
12/31/2022 County's net pension liability/(Asset)	\$ 7,366,557	\$ 2,632,714	\$ (1,342,270)

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at [www.tcdrs.com](http://www.tcdrs.com).

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

For the year ended September 30, 2023, the County recognized pension expense of \$880,934.

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

	2022 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	69,532	56,778
Changed is actuarial assumptions	-	41,940
Difference between projected and actual investment earnings	548,699	-
Contributions subsequent to the measurement date	989,615	-
Total	<u>1,607,846</u>	<u>98,718</u>

Amounts reported as deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30:	
2024	(516,473)
2025	(80,457)
2026	93,396
2027	1,023,047
2028	-
Thereafter	-

## J. FEDERAL GRANTS

In the normal course of operations, the County receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

## K. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2023, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**L. DEFERRED INFLOWS OF RESOURCES**

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable and fines expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

**M. COMMITMENTS AND CONTINGENCIES**

The County has no significant commitments or contingencies at September 30, 2023.

**N. LITIGATION**

The County has no pending litigation at September 30, 2023.

**O. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 14, 2023, the financial statement issuance date.

## REQUIRED SUPPLEMENTAL INFORMATION



TITUS COUNTY, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
<b>A. Total Pension Liability</b>			
Service Cost	\$ 829,708	\$ 856,117	\$ 756,753
Interest (on the Total Pension Liability)	2,788,782	2,684,912	2,599,396
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(85,167)	208,594	68,730
Changes of Assumptions	-	(125,818)	1,885,235
Benefit Payments, Including Refunds of Employee Contributions	(2,239,304)	(2,222,383)	(2,122,985)
Net Change in Total Pension Liability	\$ 1,294,019	\$ 1,401,422	\$ 3,187,129
Total Pension Liability - Beginning	36,963,938	35,562,516	32,375,387
Total Pension Liability - Ending	\$ 38,257,957	\$ 36,963,938	\$ 35,562,516
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 835,163	\$ 688,212	\$ 704,212
Contributions - Employee	439,890	405,515	418,196
Net Investment Income	(2,199,218)	7,109,210	3,182,424
Benefit Payments, Including Refunds of Employee Contributions	(2,239,304)	(2,222,383)	(2,122,985)
Administrative Expense	(20,877)	(21,042)	(24,115)
Other	(83,586)	(22,900)	(26,553)
Net Change in Plan Fiduciary Net Position	\$ (3,267,932)	\$ 5,936,612	\$ 2,131,179
Plan Fiduciary Net Position - Beginning	38,893,175	32,956,563	30,825,384
Plan Fiduciary Net Position - Ending	\$ 35,625,243	\$ 38,893,175	\$ 32,956,563
<b>C. Net Pension Liability (Asset)</b>	\$ 2,632,714	\$ (1,929,237)	\$ 2,605,953
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	93.12%	105.22%	92.67%
<b>E. Covered Payroll</b>	\$ 6,863,253	\$ 6,069,185	\$ 5,765,188
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	38.36%	(31.79%)	45.20%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 733,222	\$ 741,000	\$ 741,116	\$ 803,722	\$ 773,990	\$ 775,708
2,497,852	2,402,266	2,291,246	2,143,517	2,086,698	1,930,792
-	-	-	-	(104,759)	-
50,119	(122,041)	(147,937)	(30,731)	(988,255)	262,203
-	-	119,741	-	261,759	-
(1,981,948)	(1,690,475)	(1,578,557)	(1,306,278)	(1,226,425)	(1,017,764)
\$ 1,299,245	\$ 1,330,750	\$ 1,425,609	\$ 1,610,230	\$ 803,008	\$ 1,950,939
31,076,142	29,745,392	28,319,783	26,709,553	25,906,546	23,955,607
\$ 32,375,387	\$ 31,076,142	\$ 29,745,392	\$ 28,319,783	\$ 26,709,554	\$ 25,906,546
\$ 617,761	\$ 628,913	\$ 544,966	\$ 488,096	\$ 568,251	\$ 608,019
394,197	392,371	374,365	362,319	355,952	374,877
4,493,159	(540,344)	3,721,554	1,790,994	(322,243)	1,566,641
(1,981,948)	(1,690,475)	(1,578,557)	(1,306,278)	(1,226,425)	(1,017,764)
(23,490)	(21,971)	(19,022)	(19,491)	(17,646)	(18,516)
(28,916)	(16,998)	(9,014)	7,503	73,199	49,608
\$ 3,470,763	\$ (1,248,504)	\$ 3,034,292	\$ 1,323,143	\$ (568,912)	\$ 1,562,865
27,354,621	28,603,125	25,568,833	24,245,690	24,814,602	23,251,737
\$ 30,825,384	\$ 27,354,621	\$ 28,603,125	\$ 25,568,833	\$ 24,245,690	\$ 24,814,602
\$ 1,550,003	\$ 3,721,521	\$ 1,142,267	\$ 2,750,950	\$ 2,463,864	\$ 1,091,944
95.21%	88.02%	96.16%	90.29%	90.78%	95.79%
\$ 5,664,481	\$ 5,682,979	\$ 5,533,682	\$ 5,287,521	\$ 5,161,280	\$ 5,262,480
27.36%	65.49%	20.64%	52.03%	47.74%	20.74%

TITUS COUNTY, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2023

	2023	2022	2021
Actuarially Determined Contribution	\$ 880,934	\$ 783,793	\$ 683,951
Contributions in Relation to the Actuarially Determined Contributions	(880,934)	(783,793)	(683,951)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 6,863,253	\$ 6,069,185	\$ 5,765,188
Contributions as a Percentage of Covered Employee Payroll	12.84%	12.91%	11.86%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

2020	2019	2018	2017	2016	2015
\$ 658,525	\$ 626,793	\$ 607,742	\$ 529,564	\$ 507,590	\$ 588,071
(658,525)	(626,793)	(607,742)	(529,564)	(507,590)	(588,071)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,664,481	\$ 5,682,979	\$ 5,533,682	\$ 5,287,521	\$ 5,161,280	\$ 5,262,480
11.63%	11.02%	10.98%	10.01%	9.83%	11.17%

## COMBINING SCHEDULES

NONMAJOR GOVERNMENTAL FUND

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

	Security Fees Fund	Jury Fund	Law Library	Opiod Trust
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,988	\$ 153,021	\$ 19,671	\$ 12,166
Accounts Receivable (Net)	-	13,906	-	-
Total Assets	<u>\$ 12,988</u>	<u>\$ 166,927</u>	<u>\$ 19,671</u>	<u>\$ 12,166</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 215	\$ -
Unearned Revenues	-	-	-	12,166
Total Liabilities	<u>-</u>	<u>-</u>	<u>215</u>	<u>12,166</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -Taxes, Fines & Fees	-	13,906	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>13,906</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	12,988	153,021	19,456	-
Total Fund Balances	<u>12,988</u>	<u>153,021</u>	<u>19,456</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,988</u>	<u>\$ 166,927</u>	<u>\$ 19,671</u>	<u>\$ 12,166</u>

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

## EXHIBIT G-1 (Cont'd)

R&B#1	R&B#2	R&B#3	R&B#4	LATC Fund	SAVNS Grant	Justice Court Tech	Justice Court Tech#2
\$ 420,962	\$ 426,153	\$ 143,694	\$ 378,380	\$ 100,000	\$ (1,645)	\$ 31,130	\$ 8,079
40,413	40,413	40,413	40,413	-	1,645	-	-
<u>\$ 461,375</u>	<u>\$ 466,566</u>	<u>\$ 184,107</u>	<u>\$ 418,793</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 31,130</u>	<u>\$ 8,079</u>
\$ 23,799	\$ 127	\$ 1,681	\$ 769	\$ -	\$ -	\$ -	\$ -
-	-	-	-	100,000	-	-	-
<u>23,799</u>	<u>127</u>	<u>1,681</u>	<u>769</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
40,413	40,413	40,413	40,413	-	-	-	-
<u>40,413</u>	<u>40,413</u>	<u>40,413</u>	<u>40,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
397,163	426,026	142,013	377,611	-	-	31,130	8,079
<u>397,163</u>	<u>426,026</u>	<u>142,013</u>	<u>377,611</u>	<u>-</u>	<u>-</u>	<u>31,130</u>	<u>8,079</u>
<u>\$ 461,375</u>	<u>\$ 466,566</u>	<u>\$ 184,107</u>	<u>\$ 418,793</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 31,130</u>	<u>\$ 8,079</u>



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

	HAVA Security Fund	District Clerk Tech	State Fees Fund	Sheriff Shields
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 11,974	\$ 88,649	\$ -
Accounts Receivable (Net)	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 11,974</u>	<u>\$ 88,649</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 33,885	\$ -
Unearned Revenues	-	-	54,764	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>88,649</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -Taxes, Fines & Fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	-	11,974	-	-
Total Fund Balances	<u>-</u>	<u>11,974</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 11,974</u>	<u>\$ 88,649</u>	<u>\$ -</u>

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

## EXHIBIT G-1 (Cont'd)

County Clerk R&M	District Clerk R&M	District Attorney	County Attorney	District Clerk RPF	Vehicle Inventory Tax	Pass Through Grants	Sheriff Seized
\$ 262,447	\$ 14,390	\$ 926	\$ 5,053	\$ 40,751	\$ 289,037	\$ -	\$ 47,656
-	-	-	-	-	-	-	-
<u>\$ 262,447</u>	<u>\$ 14,390</u>	<u>\$ 926</u>	<u>\$ 5,053</u>	<u>\$ 40,751</u>	<u>\$ 289,037</u>	<u>\$ -</u>	<u>\$ 47,656</u>
\$ -	\$ -	\$ -	\$ 1,576	\$ -	\$ 284,743	\$ -	\$ 47,656
-	-	-	-	-	-	-	-
-	-	-	1,576	-	284,743	-	47,656
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
262,447	14,390	926	3,477	40,751	4,294	-	-
<u>262,447</u>	<u>14,390</u>	<u>926</u>	<u>3,477</u>	<u>40,751</u>	<u>4,294</u>	<u>-</u>	<u>-</u>
<u>\$ 262,447</u>	<u>\$ 14,390</u>	<u>\$ 926</u>	<u>\$ 5,053</u>	<u>\$ 40,751</u>	<u>\$ 289,037</u>	<u>\$ -</u>	<u>\$ 47,656</u>

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

	District Attorney Seized	District Attorney Drug Forf.	Sheriff Forfeiture	Capital Murder Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 38,100	\$ 119,703	\$ 19,510	\$ 108,000
Accounts Receivable (Net)	-	-	-	-
Total Assets	<u>\$ 38,100</u>	<u>\$ 119,703</u>	<u>\$ 19,510</u>	<u>\$ 108,000</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 38,100	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>38,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -Taxes, Fines & Fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	-	119,703	19,510	108,000
Total Fund Balances	<u>-</u>	<u>119,703</u>	<u>19,510</u>	<u>108,000</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 38,100</u>	<u>\$ 119,703</u>	<u>\$ 19,510</u>	<u>\$ 108,000</u>

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

## EXHIBIT G-1 (Cont'd)

State Criminal Alien Assist.	Sheriff Commissary	Juvenile Board	Pre-Trial Intervention	County & Dist Court Tech	Pre-Trial Class C Misd.	Vital Statistics	Co. Clerk Archive
\$ 6,845	\$ 145,789	\$ 8,052	\$ 16,575	\$ 18,052	\$ 4,496	\$ 11,674	\$ 223,168
-	-	-	-	-	-	-	-
<u>\$ 6,845</u>	<u>\$ 145,789</u>	<u>\$ 8,052</u>	<u>\$ 16,575</u>	<u>\$ 18,052</u>	<u>\$ 4,496</u>	<u>\$ 11,674</u>	<u>\$ 223,168</u>
\$ -	\$ 688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	8,052	-	-	-	-	-
<u>-</u>	<u>688</u>	<u>8,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
6,845	145,101	-	16,575	18,052	4,496	11,674	223,168
<u>6,845</u>	<u>145,101</u>	<u>-</u>	<u>16,575</u>	<u>18,052</u>	<u>4,496</u>	<u>11,674</u>	<u>223,168</u>
<u>\$ 6,845</u>	<u>\$ 145,789</u>	<u>\$ 8,052</u>	<u>\$ 16,575</u>	<u>\$ 18,052</u>	<u>\$ 4,496</u>	<u>\$ 11,674</u>	<u>\$ 223,168</u>

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

	Justice Courthouse Security	Total Nonmajor Special Revenue Funds	Bell Tower	2004 ROW
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,175	\$ 3,199,621	\$ 5,874	\$ 543,382
Accounts Receivable (Net)	-	177,203	-	-
Total Assets	<u>\$ 14,175</u>	<u>\$ 3,376,824</u>	<u>\$ 5,874</u>	<u>\$ 543,382</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 433,239	\$ -	\$ -
Unearned Revenues	-	174,982	-	-
Total Liabilities	<u>-</u>	<u>608,221</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -Taxes, Fines & Fees	-	175,558	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>175,558</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Capital Projects	-	-	5,874	543,382
Reported in Special Revenue Funds	14,175	2,593,045	-	-
Total Fund Balances	<u>14,175</u>	<u>2,593,045</u>	<u>5,874</u>	<u>543,382</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 14,175</u>	<u>\$ 3,376,824</u>	<u>\$ 5,874</u>	<u>\$ 543,382</u>

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

## EXHIBIT G-1

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 549,256	\$ 3,748,877
-	177,203
<u>\$ 549,256</u>	<u>\$ 3,926,080</u>
\$ -	\$ 433,239
-	174,982
<u>-</u>	<u>608,221</u>
-	175,558
<u>-</u>	<u>175,558</u>
549,256	549,256
-	2,593,045
<u>549,256</u>	<u>3,142,301</u>
<u>\$ 549,256</u>	<u>\$ 3,926,080</u>

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

	Security Fees Fund	Jury Fund	Law Library	Opiod Trust
REVENUES:				
Taxes	\$ -	\$ 203,206	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	9,792	-	10,000
Charges for Services	9,951	17,383	15,575	-
Fines	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>9,951</u>	<u>230,381</u>	<u>15,575</u>	<u>10,000</u>
EXPENDITURES:				
Judicial	-	247,540	19,730	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	8,500	-	-	10,000
Highways, Streets, & Bridges	-	-	-	-
Cultural and Recreational	-	-	-	-
Miscellaneous	-	-	-	-
Total Expenditures	<u>8,500</u>	<u>247,540</u>	<u>19,730</u>	<u>10,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,451</u>	<u>(17,159)</u>	<u>(4,155)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfer In	-	55,000	16,300	-
Sale of Assets	-	-	-	-
Transfers (Out)	-	-	-	-
Loan repayments (interfund)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>55,000</u>	<u>16,300</u>	<u>-</u>
Net Change in Fund Balance	1,451	37,841	12,145	-
Fund Balance - October 1 (Beginning)	<u>11,537</u>	<u>115,180</u>	<u>7,311</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 12,988</u>	<u>\$ 153,021</u>	<u>\$ 19,456</u>	<u>\$ -</u>

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

R&B#1	R&B#2	R&B#3	R&B#4	LATC Fund	SAVNS Grant	Justice Court Tech	Justice Court Tech#2
\$ 590,468	\$ 590,468	\$ 590,468	\$ 590,468	\$ -	\$ -	\$ -	\$ -
164,202	164,202	164,202	164,202	-	-	-	-
14,229	14,229	39,229	14,229	-	6,581	-	-
-	-	-	-	-	-	227	265
-	-	-	-	-	-	-	-
-	1	-	1,003	-	-	-	-
<u>768,899</u>	<u>768,900</u>	<u>793,899</u>	<u>769,902</u>	<u>-</u>	<u>6,581</u>	<u>227</u>	<u>265</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
619,384	572,652	760,965	594,814	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	6,581	719	-
<u>619,384</u>	<u>572,652</u>	<u>760,965</u>	<u>594,814</u>	<u>-</u>	<u>6,581</u>	<u>719</u>	<u>-</u>
149,515	196,248	32,934	175,088	-	-	(492)	265
-	-	-	-	-	-	-	-
-	81,081	31,080	-	-	-	-	-
(8,800)	(8,800)	(8,800)	(8,800)	-	-	-	-
-	-	(23,625)	(44,000)	-	-	-	-
<u>(8,800)</u>	<u>72,281</u>	<u>(1,345)</u>	<u>(52,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
140,715	268,529	31,589	122,288	-	-	(492)	265
256,448	157,497	110,424	255,323	-	-	31,622	7,814
<u>\$ 397,163</u>	<u>\$ 426,026</u>	<u>\$ 142,013</u>	<u>\$ 377,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,130</u>	<u>\$ 8,079</u>



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

	HAVA Security Fund	District Clerk Tech	State Fees Fund	Sheriff Shields
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	87,120
Charges for Services	-	235	-	-
Fines	-	-	-	-
Other Revenue	1,145	-	-	-
Total Revenues	1,145	235	-	87,120
EXPENDITURES:				
Judicial	-	1,159	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	-	-	-	87,120
Highways, Streets, & Bridges	-	-	-	-
Cultural and Recreational	1,145	-	-	-
Miscellaneous	-	-	-	-
Total Expenditures	1,145	1,159	-	87,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(924)	-	-
OTHER FINANCING SOURCES (USES):				
Transfer In	-	-	-	-
Sale of Assets	-	-	-	-
Transfers (Out)	-	-	-	-
Loan repayments (interfund)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(924)	-	-
Fund Balance - October 1 (Beginning)	-	12,898	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ 11,974	\$ -	\$ -

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

County Clerk R&M	District Clerk R&M	District Attorney	County Attorney	District Clerk RPF	Vehicle Inventory Tax	Pass Through Grants	Sheriff Seized
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,395	-
55,279	4,243	-	520	10,760	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,638	-	-
55,279	4,243	-	520	10,760	1,638	3,395	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	3,709	-	-
-	-	-	-	-	-	3,395	-
-	-	-	-	-	-	-	-
29,434	1,439	-	-	-	-	-	-
29,434	1,439	-	-	-	3,709	3,395	-
25,845	2,804	-	520	10,760	(2,071)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(11,315)	(3,000)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(11,315)	(3,000)	-	-	-	-	-	-
14,530	(196)	-	520	10,760	(2,071)	-	-
247,917	14,586	926	2,957	29,991	6,365	-	-
\$ 262,447	\$ 14,390	\$ 926	\$ 3,477	\$ 40,751	\$ 4,294	\$ -	\$ -

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

	District Attorney Seized	District Attorney Drug Forf.	Sheriff Forfeiture	Capital Murder Fund
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	-	-	-	-
Fines	-	4,068	-	-
Other Revenue	-	919	118	-
Total Revenues	-	4,987	118	-
EXPENDITURES:				
Judicial	-	-	-	-
Legal	-	4,813	-	-
Financial	-	-	-	-
Public Safety	-	-	3,057	-
Highways, Streets, & Bridges	-	-	-	-
Cultural and Recreational	-	-	-	-
Miscellaneous	-	-	-	-
Total Expenditures	-	4,813	3,057	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	174	(2,939)	-
OTHER FINANCING SOURCES (USES):				
Transfer In	-	-	-	12,000
Sale of Assets	-	-	-	-
Transfers (Out)	-	(19,232)	-	-
Loan repayments (interfund)	-	-	-	-
Total Other Financing Sources (Uses)	-	(19,232)	-	12,000
Net Change in Fund Balance	-	(19,058)	(2,939)	12,000
Fund Balance - October 1 (Beginning)	-	138,761	22,449	96,000
Fund Balance - September 30 (Ending)	\$ -	\$ 119,703	\$ 19,510	\$ 108,000

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

State Criminal Alien Assist.	Sheriff Commissary	Juvenile Board	Pre-Trial Intervention	County & Dist Court Tech	Pre-Trial Class C Misd.	Vital Statistics	Co. Clerk Archive
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	93,412	-	-	4,305	-	-
-	-	-	10,056	1,004	-	3,821	49,531
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	93,412	10,056	1,004	4,305	3,821	49,531
-	-	-	-	-	-	-	-
-	-	-	1,239	-	-	-	-
-	-	93,412	-	-	-	-	-
-	-	-	-	-	-	-	-
-	104,531	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,970	58,499
-	104,531	93,412	1,239	-	-	4,970	58,499
-	(104,531)	-	8,817	1,004	4,305	(1,149)	(8,968)
-	-	-	-	-	-	-	-
-	175,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(10,000)	-	-	-	-
-	-	-	-	-	-	-	-
-	175,000	-	(10,000)	-	-	-	-
-	-	-	-	-	-	-	-
-	70,469	-	(1,183)	1,004	4,305	(1,149)	(8,968)
6,845	74,632	-	17,758	17,048	191	12,823	232,136
\$ 6,845	\$ 145,101	\$ -	\$ 16,575	\$ 18,052	\$ 4,496	\$ 11,674	\$ 223,168

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

	Justice Courthouse Security	Total Nonmajor Special Revenue Funds	Bell Tower	2004 ROW
<b>REVENUES:</b>				
Taxes	\$ -	\$ 2,565,078	\$ -	\$ -
Licenses and Permits	-	656,808	-	-
Intergovernmental Revenue and Grants	-	296,521	-	-
Charges for Services	127	178,977	-	-
Fines	-	4,068	-	-
Other Revenue	-	4,824	-	10,452
Total Revenues	127	3,706,276	-	10,452
<b>EXPENDITURES:</b>				
Judicial	-	269,668	-	-
Legal	-	98,225	-	-
Financial	-	3,709	-	-
Public Safety	-	216,603	-	-
Highways, Streets, & Bridges	-	2,547,815	-	1,025,280
Cultural and Recreational	-	1,145	-	-
Miscellaneous	-	101,642	-	-
Total Expenditures	-	3,238,807	-	1,025,280
Excess (Deficiency) of Revenues Over (Under) Expenditures	127	467,469	-	(1,014,828)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer In	-	258,300	-	-
Sale of Assets	-	112,161	-	-
Transfers (Out)	-	(78,747)	-	-
Loan repayments (interfund)	-	(67,625)	-	-
Total Other Financing Sources (Uses)	-	224,089	-	-
Net Change in Fund Balance	127	691,558	-	(1,014,828)
Fund Balance - October 1 (Beginning)	14,048	1,901,487	5,874	1,558,210
Fund Balance - September 30 (Ending)	\$ 14,175	\$ 2,593,045	\$ 5,874	\$ 543,382

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

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ - - - - - 10,452 <u>10,452</u>	\$ 2,565,078 656,808 296,521 178,977 4,068 15,276 <u>3,716,728</u>
- - - - 1,025,280 -	269,668 98,225 3,709 216,603 3,573,095 1,145
- <u>1,025,280</u>	<u>101,642</u> <u>4,264,087</u>
<u>(1,014,828)</u>	<u>(547,359)</u>
- - - - -	258,300 112,161 (78,747) (67,625) 224,089
(1,014,828) <u>1,564,084</u>	(323,270) <u>3,465,571</u>
<u><u>\$ 549,256</u></u>	<u><u>\$ 3,142,301</u></u>

INTERNAL SERVICE FUNDS

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2023

	Maintenance Building	Insurance Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 133,655	\$ 650,238	\$ 783,893
Total Current Assets	<u>133,655</u>	<u>650,238</u>	<u>783,893</u>
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	79,790	-	79,790
Buildings, net	61,357	-	61,357
Improvements other than Buildings, net	-	-	-
Furniture and Equipment, net	-	-	-
Total Noncurrent Assets	<u>141,147</u>	<u>-</u>	<u>141,147</u>
Total Assets	<u>274,802</u>	<u>650,238</u>	<u>925,040</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	<u>3,040</u>	<u>172,431</u>	<u>175,471</u>
Total Liabilities	<u>3,040</u>	<u>172,431</u>	<u>175,471</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets and Lease Assets	141,147	-	141,147
Unrestricted Net Position	<u>130,615</u>	<u>477,807</u>	<u>608,422</u>
Total Net Position	<u>\$ 271,762</u>	<u>\$ 477,807</u>	<u>\$ 749,569</u>

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



TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Maintenance Building	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:			
Charges for Services	\$ -	\$ 1,875,469	\$ 1,875,469
Other Revenue	250	29,239	29,489
Total Operating Revenues	250	1,904,708	1,904,958
OPERATING EXPENSES:			
Highways, Streets, & Bridges	240,100	-	240,100
Insurance Coverage & Medical Claims	-	2,039,975	2,039,975
Depreciation	3,035	-	3,035
Total Operating Expenses	243,135	2,039,975	2,283,110
Income (Loss) Before Transfers	(242,885)	(135,267)	(378,152)
Transfers In/(Out)	234,300	180,944	415,244
Change in Net Position	(8,585)	45,677	37,092
Total Net Position - October 1 (Beginning)	280,347	432,130	712,477
Total Net Position - September 30 (Ending)	\$ 271,762	\$ 477,807	\$ 749,569

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

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Maintenance Building	Insurance Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 250	\$ 27,445	\$ 27,695
Cash Received from Assessments - Other Funds	-	1,877,263	1,877,263
Cash Payments to Employees for Services	(209,086)	(2,035,946)	(2,245,032)
Cash Payments for Suppliers	(31,480)	-	(31,480)
Net Cash Provided by (Used for) Operating Activities	(240,316)	(131,238)	(371,554)
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase (Decrease) in Short-term Loans	-	-	-
Operating Transfer In/(Out)	234,300	180,944	415,244
Net Cash Provided by Non-Capital Financing Activities	234,300	180,944	415,244
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Acquisition of Capital Assets	-	-	-
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(6,016)	49,706	43,690
Cash and Cash Equivalents at Beginning of the Period	139,671	600,532	740,203
Cash and Cash Equivalents at End of the Period	\$ 133,655	\$ 650,238	\$ 783,893
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$ (242,885)	\$ (135,267)	\$ (378,152)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	3,035	-	3,035
Effect of Increases and Decreases in Current Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	(466)	4,029	3,563
Net Cash Provided by (Used for) Operating Activities	\$ (240,316)	\$ (131,238)	\$ (371,554)

The accompanying notes are an integral part of this statement.

## ENTERPRISE FUNDS

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 SEPTEMBER 30, 2023

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 40,884	\$ 157,756	\$ 198,640
Inventories	56,106	-	56,106
Total Current Assets	96,990	157,756	254,746
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment, net	-	36,390	36,390
Total Noncurrent Assets	-	36,390	36,390
Total Assets	96,990	194,146	291,136
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	4,851	4,851
Total Liabilities	-	4,851	4,851
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	36,390	36,390
Unrestricted Net Position	96,990	152,905	249,895
Total Net Position	\$ 96,990	\$ 189,295	\$ 286,285

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

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Intergovernmental Revenue and Grants	\$ -	\$ 1,067	\$ 1,067
Charges for Services	234,460	34,328	268,788
Other Revenue	71,318	-	71,318
Total Operating Revenues	<u>305,778</u>	<u>35,395</u>	<u>341,173</u>
OPERATING EXPENSES:			
Public Safety	118,519	-	118,519
Elections	-	205,094	205,094
Depreciation	-	44,273	44,273
Total Operating Expenses	<u>118,519</u>	<u>249,367</u>	<u>367,886</u>
Income (Loss) Before Transfers	<u>187,259</u>	<u>(213,972)</u>	<u>(26,713)</u>
Transfers In/(Out)	<u>(175,000)</u>	<u>230,750</u>	<u>55,750</u>
Change in Net Position	<u>12,259</u>	<u>16,778</u>	<u>29,037</u>
Total Net Position - October 1 (Beginning)	<u>84,731</u>	<u>172,517</u>	<u>257,248</u>
Total Net Position - September 30 (Ending)	<u>\$ 96,990</u>	<u>\$ 189,295</u>	<u>\$ 286,285</u>

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

TITUS COUNTY, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 305,778	\$ 35,395	\$ 341,173
Cash Payments to Employees for Services	-	(147,595)	(147,595)
Cash Payments for Suppliers	(155,566)	(54,066)	(209,632)
Net Cash Provided by (Used for) Operating Activities	150,212	(166,266)	(16,054)
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase (Decrease) in Short-term Loans	-	-	-
Operating Transfer In/(Out)	(175,000)	230,750	55,750
Net Cash Provided by (Used for) Non-Capital Financing Activities	(175,000)	230,750	55,750
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Acquisition of Capital Assets	-	-	-
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(24,788)	64,484	39,696
Cash and Cash Equivalents at Beginning of the Period	65,672	93,272	158,944
Cash and Cash Equivalents at End of the Period	\$ 40,884	\$ 157,756	\$ 198,640
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$ 187,259	\$ (213,972)	\$ (26,713)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	-	44,273	44,273
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Inventories	(37,047)	-	(37,047)
Increase (Decrease) in Accounts Payable	-	3,433	3,433
Net Cash Provided by (Used for) Operating Activities	\$ 150,212	\$ (166,266)	\$ (16,054)

The accompanying notes are an integral part of this statement.

## SUPPLEMENTAL INFORMATION

Titus County, Texas  
BUDGETARY COMPARISON SCHEDULE  
Debt Service Fund  
for the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	1,246,887	1,246,887	1,297,860	50,973
Intergovernmental	8,430,000	8,430,000	8,431,000	1,000
Miscellaneous	-	-	40,302	40,302
Total revenues	<u>9,676,887</u>	<u>9,676,887</u>	<u>9,769,162</u>	<u>92,275</u>
EXPENDITURES				
Debt service-principal	5,685,000	5,685,000	5,685,000	-
Debt service-interest	4,333,887	4,333,887	4,333,887	-
Other debt service	8,000	8,000	6,050	1,950
Total expenditures	<u>10,026,887</u>	<u>10,026,887</u>	<u>10,024,937</u>	<u>1,950</u>
Excess of revenues over (under) expenditures	<u>(350,000)</u>	<u>(350,000)</u>	<u>(255,775)</u>	<u>94,225</u>
OTHER FINANCING SOURCES (USES)				
Premium on issuance of debt	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(350,000)</u>	<u>(350,000)</u>	<u>(255,775)</u>	<u>94,225</u>
FUND BALANCE				
Beginning of year	5,275,011	5,275,011	5,275,011	-
End of year	<u>4,925,011</u>	<u>4,925,011</u>	<u>5,019,236</u>	<u>94,225</u>



REPORTS ON INTERNAL CONTROL, COMPLIANCE & FEDERAL AWARDS



CPAs & Advisors

Bob J. Arnold, CPA, PFS  
Lanny G. Walker, CPA, PFS  
Kris Arnold, CPA, PFS  
Andrew Arnold, CPA  
Melissa J. Godfrey, CPA

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

The Honorable Judge and  
County Commissioners  
Titus County, Texas  
Mount Pleasant, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Titus County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 14, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Arnold, Walker, Arnold & Co., P.C.*

Arnold, Walker, Arnold & Co., P.C.

December 14, 2023

915 N. Jefferson Ave. • P.O. Box 1217 • Mt. Pleasant, TX 75456  
P. 903.572.6606 • F. 903.572.3751 • firm@awacpa.com

Member: American Institute of Certified Public Accountants • Texas State Society of Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Judge and  
County Commissioners  
Titus County, Texas  
Mount Pleasant, Texas

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

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

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Arnold, Walker, Arnold & Co., P.C.*

Arnold, Walker, Arnold & Co., P.C.

December 14, 2023

Titus County, Texas  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended September 30, 2023

**I. Summary of the Auditor's Results:**

The type of report issued on the financial statements of the County of Titus, Texas was an unmodified opinion.

- a. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. See II below, no material weaknesses.
- b. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee.  
NONE
- c. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. N/A
- d. The type of report the auditor issued on compliance for major programs. Unmodified opinion
- e. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : NONE
- f. An identification of major programs: Department of the Treasury, Corona-virus Recovery Funds Federal Assistance Listing No. 21.027
- g. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- h. A statement as to whether the auditee qualified as a low-risk auditee. Yes

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

None

**III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above**

NONE

Titus County, Texas  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
For the year ended September 30, 2023

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

Titus County, Texas  
CORRECTIVE ACTION PLAN  
For the year ended September 30, 2023

VIEWS AND PLANNED CORRECTIVE ACTIONS

N/A

The contact person for the County is Barbara Shurbet, County Auditor at (903)-572-8101.

Titus County, Texas  
 SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS  
 For the year ended September 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL HIGHWAY ADMINISTRATION			
<u>Passed Through Texas Department of Transportation</u>			
Pass through Toll Reimbursement	20.205	2006-004-01	<u>8,431,000</u>
Total Passed Through TXDOT			<u>8,431,000</u>
TOTAL FEDERAL HIGHWAY ADMINISTRATION			<u>8,431,000</u>
DEPARTMENT OF JUSTICE			
<u>Passed Through Texas Office of Attorney General</u>			
Texas VINE (SAVNS)	16.036	2022344900-505-01	6,581
Indigent Defense	16.036	212-21-225	37,505
Shield Grant	16.036	4664701	<u>87,120</u>
Total Passed Through Texas OAG			<u>131,206</u>
TOTAL DEPARTMENT OF JUSTICE			<u>131,206</u>
DEPARTMENT OF THE TREASURY			
<u>Direct Program</u>			
Coronavirus State and Local Fiscal			
Recovery Funds	21.027	JJYKJ6K67Y35	<u>4,966,304</u>
TOTAL DEPARTMENT OF TREASURY			<u>4,966,304</u>
DEPARTMENT OF HEALTH & HUMAN SERVICES			
<u>Passed Through Texas Department of Family &amp; Protective Services</u>			
Title IV-E Child Welfare Services	93.658	HHS000285000025	<u>425</u>
Total Passed Through DFPS			<u>425</u>
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>425</u>
ELECTION ASSISTANCE COMMISSION			
<u>Passed Through State of Texas</u>			
HAVA Election Security	90.404	TX18101001-01-225	<u>1,144</u>
Total Passed Through State of Texas			<u>1,144</u>
TOTAL ELECTION ASSISTANCE COMMISSION			<u>1,144</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>13,530,079</u>



Titus County, Texas  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2023

1. Special revenue funds are normally used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. The sewer grant was accounted for in the proprietary fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. Some federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due.

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus and utilizes the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days after the end date of the period of performance as specified in the terms and conditions of the federal award under 2 CFR Section 200.343b (Uniform Guidance).

- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$0.
- The County did not use the 10% de minimis indirect cost rate.