

TERRELL COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2024

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BY: \_\_\_\_\_ DEPUTY



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



TERRELL COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and Members of the Commissioners Court  
Terrell County, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for 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.
- 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 section which precedes the basic financial statements, the respective budgetary comparison for the General Fund and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining schedules of non-major governmental funds, and the 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 schedules of non-major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

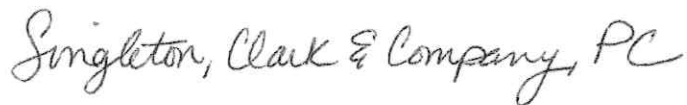
### ***Other Information***

Management is responsible for the other information included within the annual report. Our opinions on the basic financial statements do not cover this other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2025 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC  
Alpine, Texas

April 11, 2025

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TERRELL COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

As management of the Terrell County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2024.

**Financial Highlights**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,596,530 (*net position*). Of this amount, \$733,535 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1,527,807. This increase was primarily the result of the County receiving a significant amount of state grant funding during the year for the purchase of equipment.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$546,271, a decrease of \$143,579 in comparison with the prior year.
- At the end of the current fiscal year, the General Fund reported a negative unassigned fund balance of (\$160,266).

**Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, justice system, transportation, culture and recreation, health and human services, and economic development. The county does not have any business-type activities.

The government-wide financial statements can be found on pages 16-17 of this report.

TERRELL COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

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

The County maintains twenty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund (consisting of seven sub-funds), the Venue Fund, the Colonia CDGB Grant Fund, the Ambulance Grant Fund, the Fire Truck Grant Fund, the Operation Lone Star 2023 Fund, and the SB22 Prosecutors Grant Fund, which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-27 of this report.

**Proprietary Funds.** The County has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County does not currently utilize an enterprise fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a County's functions. The County is not currently utilizing an internal service fund. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains two different types of fiduciary fund. The *Private-purpose trust funds* are used to report resources held in trust for the Permanent School Fund on behalf of Terrell County Independent School District and for the Terrell County Cemetery Fund. The *Custodial funds* report resources held by County elective offices that have either not yet been officially remitted to the County treasury or are under the control of the respective County elective offices.

TERRELL COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

**Required Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's budget versus actual results for the General Fund, and also to present information regarding the County's participation in the Texas County and District Retirement System's pension plan and related other post-employment benefits.

**Combining and Individual Fund Financial Statements and Schedules.** Many of the initial financial statements presented at the beginning of the report present some funds in consolidated columns, such as the General Fund (consisting of several sub-funds), the non-major governmental funds, the trust funds, and the custodial funds. All of these consolidated columns however are presented later in the report combining schedules which show the funds individually.

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a County's financial health. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,596,530 at the close of the most recent fiscal year.

**Table I**  
**Terrell County, Texas**  
**Net Position**

	Governmental Activities 2024	Governmental Activities 2023	Change
<b>ASSETS</b>			
Current & Other Assets	\$ 1,900,799	\$ 1,636,714	\$ 264,085
Capital Assets	5,156,458	3,782,177	1,374,281
Total Assets	7,057,257	5,418,891	1,638,366
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows	71,928	152,711	(80,783)
<b>LIABILITIES</b>			
Current Liabilities	291,099	202,701	88,398
Long-term Liabilities	177,676	176,547	1,129
Total Liabilities	468,775	379,248	89,527
<b>DEFERRED INFLOWS</b>			
Deferred Inflows	63,880	123,632	(59,752)
<b>NET POSITION</b>			
Net Investment in Capital Assets, net of Related Debt	5,156,458	3,764,434	1,392,024
Restricted	706,537	840,402	(133,865)
Unrestricted	733,535	463,886	269,649
Total Net Position	\$ 6,596,530	\$ 5,068,722	\$ 1,527,808



TERRELL COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A portion of the County's net position, \$5,156,458, or 78.2%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$706,535 or 10.7%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$733,55 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

The County's overall net position increased by \$1,527,807 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$1,527,807 from the prior fiscal year for an ending balance of \$6,596,530. The increase in the overall net position of governmental activities was due to an increase in property tax revenue generated by a property tax rate increase in the current year combined with an increase in Operating and Capital Grants and Contributions revenue received during the year.

TERRELL COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Table II**  
**Terrell County, Texas**  
**Changes in Net Position**

	Governmental Activities 2024	Governmental Activities 2023	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 588,812	\$ 565,427	\$ 23,385
Operating Grants & Contributions	1,782,791	970,091	812,700
Capital Grants and Contributions	2,434,315	-	2,434,315
General Revenues:			
Property Taxes	1,972,318	1,111,762	860,556
General Sales and Use Taxes	202,596	194,570	8,026
Donations	-	4,550	(4,550)
Investment Earnings	57,368	38,852	18,516
Miscellaneous	44,819	29,367	15,452
Total Revenue	7,083,019	2,914,619	4,168,400
Expenses:			
General Government	1,248,445	1,462,717	(214,272)
Public Safety	1,363,905	1,029,487	334,418
Judicial System	231,988	189,611	42,377
Transportation	291,347	298,781	(7,434)
Culture and Recreation	87,661	71,582	16,079
Health and Human Services	681,826	572,590	109,236
Economic Development	17,217	11,757	5,460
Interest on Long-Term Debt	532	1,051	(519)
Total Expenses	3,922,921	3,637,576	285,345
Increase (Decrease) in Net Position Before Transfers and Special Items	3,160,098	(722,957)	3,883,055
Other Uses	(1,632,291)	(320,722)	(1,311,569)
Increase (Decrease) in Net Position	1,527,807	(1,043,679)	2,571,486
Net Position - Beginning	5,068,723	6,246,621	(1,177,898)
Prior Period Adjustment	-	(134,220)	134,220
Net Position - Ending	\$ 6,596,530	\$ 5,068,722	\$ 1,527,808

TERRELL COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Business-type Activities.** The County is currently not utilizing any business-type activities.

**Financial Analysis of Governmental Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County's Court.

At September 30, 2024, the County's governmental funds reported combined fund balances of \$546,271, a decrease of \$143,579 in comparison with the prior year. Of this amount, *unassigned fund balance*, which represents the amount available for spending at the County's discretion, was reported as a negative amount of (\$160,266). The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form- \$0-, 2) legally required to be maintained intact -\$0-, 3) restricted for particular purposes \$706,537, 4) committed for particular purposes -\$0-, or 5) assigned for particular purposes -\$0-.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was (\$160,266), which also represented the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. However, with the fund balance of the General Fund being negative as of year end, this calculation would not be informative. An ideal fund balance for a governmental entity is said to be two to three months of operating expenditures in reserves. For the Terrell County General Fund, this would represent a fund balance of approximately \$500,000 to \$750,000.

The fund balance of the County's General Fund increased by \$7,313 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to the County increasing its property tax rate from \$0.38559 to \$0.70308 per hundred dollar valuation and higher property tax revenues as a result. Although the overall property tax increase was offset by expenditures during the year, a modest fund balance increase was realized.

The Venue Fund, a major fund, had a \$178,858 decrease in fund balance during the current fiscal year which resulted in an ending fund balance of \$542,364. The decrease is due to Capital Outlay expenditures to improve the County's convention center facility.

The Colonia CDGB Grant Fund, a major fund, had a \$21,639 decrease in fund balance during the current fiscal year which resulted in an ending fund balance of \$0. The decrease was due to a planned expenditure on the ongoing CDBG water grant project with Terrell County Water Control and Improvement District.

The Ambulance Grant Fund, a major fund in the current year, experienced no change in fund balance during the fiscal year and also did not report an ending fund balance. This grant is a cost-reimbursement grant and therefore is not expected to report fund balance increase or decrease or ending fund balance.

The Fire Truck Grant Fund, reported revenues and expenditures of \$541,704 during the current fiscal year and did not report an ending fund balance. This grant is a cost-reimbursement grant and therefore is not expected to report fund balance increase or decrease or ending fund balance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The Operation Lone Star 2023 Fund, a major fund, reported revenues and expenditures of \$1,199,220 during the current fiscal year and did not report an ending fund balance. This grant is a cost-reimbursement grant and therefore is not expected to report fund balance increase or decrease or ending fund balance.

The SB22 Prosecutors Grant Fund, a major fund, experienced no change in fund balance during the current fiscal year and also did not report an ending fund balance. This grant is a cost-reimbursement grant and therefore is not expected to report fund balance increase or decrease or ending fund balance.

**Proprietary Funds.** The County does not currently utilize any proprietary funds.

### General Fund Budgetary Highlights

**Original budget compared to final budget.** During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was *not* significant. The exception was the appropriation for the General Government department was increased by \$78,246 and the appropriation for the Public Safety department was decreased by \$73,312.

### Capital Assets and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental activities as of September 30, 2024, amounts to \$5,156,458 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, roads, highways, and bridges. The net increase in capital assets for the current fiscal year of 36.3% was the result of adjustments to construction in progress and current year depreciation expense of \$473,136 net of current year new capital asset additions of \$1,837,167.

#### Terrell County, Texas Capital Assets

	Governmental Activities 2024	Governmental Activities 2023	Change
Land	\$ 186,512	\$ 186,512	\$ -
Construction in Progress	258,734	29,750	228,984
Buildings	4,193,554	4,153,554	40,000
Furniture and Equipment	5,682,880	3,719,764	1,963,116
Infrastructure	3,719,764	4,104,447	(384,683)
Total	14,041,444	12,194,027	1,847,417
Less Accumulated Depreciation	(8,884,986)	(8,411,850)	(473,136)
Capital assets, net of depreciation	\$ 5,156,458	\$ 3,782,177	\$ 1,374,281

Additional information on the County's capital assets can be found in Note-4 on Page 42 of this report.



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TERRELL COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Long-term Debt.** At the end of the current fiscal year, the County had only an outstanding notes payable obligation which required regular future payments. Other long-term obligations reported on the Statement of Net Position consist of pension and other post-employment liabilities and accrued employee compensated absences. While these liabilities are considered long-term debt obligations, they do not require current scheduled outlay payments and will instead be satisfied through regular operations or changes in funding requirements of these benefit plans.

Shown below is a comparison of the County's long-term debt obligations for the current and prior fiscal year.

**Terrell County, Texas  
Long-Term Debt**

	Governmental Activities 2024	Governmental Activities 2023	Change
Notes Payable	\$ -	\$ 17,743	\$ (17,743)
Compensated Absences	9,620	14,132	(4,512)
Total	<u>\$ 9,620</u>	<u>\$ 31,875</u>	<u>\$ (22,255)</u>

The County's total debt decreased by \$22,255, (70%) during the current fiscal year. The reason for the decrease was the County making scheduled payments on its long-term debt during the year.

Additional information on the County's long-term debt can be found in Note-9 on page 51 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect the County and were considered in developing the 2024-2025 fiscal year budget.

- A 5.86% decrease in budgeted revenue from property tax is anticipated.
- Grant revenues anticipated to continue to be received from the State of Texas to assist the County with the effects of the continuing illegal immigration into the United States through the border that Terrell County shares with Mexico.
- Changes in the local economy resulting from new or discontinuing businesses within the County.

**Requests for Information**

This financial report is designed to provide a general overview of the County 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 addressed to the Terrell County Treasurer's Office at 105 East Hackberry Street, Sanderson, Texas 79848, or telephone (432) 345-2992.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

TERRELL COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024

	Primary Government Governmental Activities
<b>ASSETS</b>	
Cash and Temporary Investments	\$ 508,705
Investments	179,768
Property Taxes Receivable	202,580
Allowance for Uncollectible Taxes	(20,258)
Accounts Receivable	267,973
Due from Other funds	50,818
Net Pension Asset	711,213
Capital Assets not Being Depreciated:	
Land	186,512
Construction in Progress	258,734
Capital Assets, Being Depreciated	
Buildings and Improvements	4,193,554
Infrastructure	3,719,764
Machinery, Equipment, and Vehicles	5,682,880
Accumulated Depreciation	(8,884,986)
Total Assets	<u>7,057,257</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Plan Items	56,073
Other Post-Employment Benefit Items	15,855
Total Deferred Outflows of Resources	<u>71,928</u>
<b>LIABILITIES</b>	
Accounts Payable	9,985
Payroll Deductions and Withholdings	14,753
Accrued Salaries and Wages	76,570
Due to Others	13,178
Accrued Expenditures	12,929
Unearned Revenues	163,684
Long-Term Liabilities:	
Current Portion of Long-Term Debt	4,810
Other Long-Term Debt	4,810
Other Post-Employment Benefits Liability	168,056
Total Liabilities	<u>468,775</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Plan Items	32,408
Other Post-Employment Benefit Items	31,472
Total Deferred Inflows of Resources	<u>63,880</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	5,156,458
Restricted for Health and Welfare	43,021
Restricted for Capital Projects	691
Restricted for Debt Service	4,913
Restricted for Other Purposes	657,912
Unrestricted	733,535
Total Net Position	<u>\$ 6,596,530</u>

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

TERRELL COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Functions/Programs:	Expenses				
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 1,248,445	\$ 103,459	\$ 57,732	\$ -	\$ (1,087,254)
Public Safety	1,363,905	35,353	1,648,203	877,240	1,196,891
Justice System	231,988	176,098	2,118	-	(53,772)
Transportation	291,347	-	19,951	-	(271,396)
Culture and Recreation	87,661	10,018	34,787	-	(42,856)
Health and Human Services	681,826	263,884	20,000	1,557,075	1,159,133
Economic Development	17,217	-	-	-	(17,217)
Debt Interest	532	-	-	-	(532)
Total Governmental Activities:	<u>\$ 3,922,921</u>	<u>\$ 588,812</u>	<u>\$ 1,782,791</u>	<u>\$ 2,434,315</u>	<u>882,997</u>
General Revenues:					
Property Taxes					1,972,318
General Sales and Use Taxes					202,596
Investment Income					57,368
Other Revenue					44,819
Total General Revenues					<u>2,277,101</u>
Change in Net Postion Before Special Items					3,160,098
Special Items:					
Distributed Water Infrastructure to Terrell County WCID					(1,632,291)
Change in Net Position					1,527,807
Net Position - Beginning					5,068,723
Net Position - Ending					<u>\$ 6,596,530</u>

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

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FUND BASIS FINANCIAL STATEMENTS

TERRELL COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	<u>010</u>	<u>042</u>	<u>134</u>
	General Fund	Venue Fund	Colonia CDGB Grant
<b>ASSETS</b>			
Cash and Temporary Investments	\$ 161,873	\$ 13,392	\$ 9,622
Investments	170,492	101	-
Property Taxes Receivable	202,580	-	-
Allowance for Uncollectible Taxes	(20,258)	-	-
Accounts Receivable	48,041	13,838	-
Due from Other funds	352,164	515,033	-
Total Assets	<u>\$ 914,892</u>	<u>\$ 542,364</u>	<u>\$ 9,622</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 3,773	\$ -	\$ 3,200
Payroll Deductions and Withholdings	11,093	-	-
Accrued Salaries and Wages	76,570	-	-
Due to Other Funds	775,293	-	-
Due to Others	13,178	-	-
Accrued Expenditures	12,929	-	-
Unearned Revenues	-	-	6,422
Total Liabilities	<u>892,836</u>	<u>-</u>	<u>9,622</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Property Taxes	182,322	-	-
Total Deferred Inflows of Resources	<u>182,322</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted for:			
Health and Welfare	-	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Other Purposes	-	542,364	-
Unassigned	(160,266)	-	-
Total Fund Balances	<u>(160,266)</u>	<u>542,364</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 914,892</u>	<u>\$ 542,364</u>	<u>\$ 9,622</u>

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



<i>136</i>	<i>137</i>	<i>170</i>	<i>172</i>		
Ambulance Grant	Fire Truck Grant	Operation Lone Star 2023	SB22 Prosecutors Grant	Total Non- Major Funds	Total Governmental Funds
\$ 3,764	\$ 47	\$ 1,648	\$ 86,654	\$ 231,705	\$ 508,705
-	-	-	-	9,175	179,768
-	-	-	-	-	202,580
-	-	-	-	-	(20,258)
-	-	14,573	-	21,627	98,079
-	-	-	-	6,311	873,508
<u>\$ 3,764</u>	<u>\$ 47</u>	<u>\$ 16,221</u>	<u>\$ 86,654</u>	<u>\$ 268,818</u>	<u>\$ 1,842,382</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,012	\$ 9,985
-	-	1,648	1,828	184	14,753
-	-	-	-	-	76,570
-	-	14,573	-	32,824	822,690
-	-	-	-	-	13,178
-	-	-	-	-	12,929
3,764	47	-	84,826	68,625	163,684
<u>3,764</u>	<u>47</u>	<u>16,221</u>	<u>86,654</u>	<u>104,645</u>	<u>1,113,789</u>
-	-	-	-	-	182,322
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,322</u>
-	-	-	-	43,021	43,021
-	-	-	-	4,913	4,913
-	-	-	-	691	691
-	-	-	-	115,548	657,912
-	-	-	-	-	(160,266)
-	-	-	-	164,173	546,271
<u>\$ 3,764</u>	<u>\$ 47</u>	<u>\$ 16,221</u>	<u>\$ 86,654</u>	<u>\$ 268,818</u>	<u>\$ 1,842,382</u>

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TERRELL COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances - Governmental Funds	\$	546,271
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Capital assets and related accumulated depreciation used in governmental activities are not current financial resources, and therefore not reported in the funds. These are detailed as follows:

Governmental activities capital assets	\$ 14,041,444		
Less accumulated depreciation	<u>(8,884,986)</u>		5,156,458

Net pension and other post-employment assets or liabilities as well as related deferred inflows and outflows are not reported in the governmental funds, but are reported on the Statement of Net Position. These amounts are detailed as follows:

Current pension funding asset	711,213		
Deferred outflows related to pensions	56,073		
Deferred inflows related to pensions	(32,408)		
Other post-employment benefits liability	(168,056)		
Deferred outflows related to other post-employment benefits	15,855		
Deferred inflows related to other post-employment benefits	<u>(31,472)</u>		551,205

Uncollected property taxes are not available to pay for current operations and are therefore not recorded within the fund balance of the governmental funds. These amounts are however recorded in the statement of net position, net of an allowance for uncollectible amounts.

182,322

Long-term liabilities, such as bonds and notes payable, are not due and payable in the current period, and therefore not reported as liabilities in the governmental funds. These are detailed as follows:

Compensated absences	<u>(9,620)</u>		(9,620)
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Court receivables for fines and fees are longer-term in nature due to their high uncollectable percentage and have therefore only been recorded at the government-wide financial statement level.

169,894

Net Position of Governmental Activities	\$	<u><u>6,596,530</u></u>
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The notes to the financial statements are an integral part of this statement.

TERRELL COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>010</u>	<u>042</u>	<u>134</u>
	General Fund	Venue Fund	Colonia CDGB Grant
<b>REVENUES</b>			
Property Taxes	\$ 1,934,849	\$ -	\$ -
General Sales and Use Taxes	135,071	67,525	-
Fines, Fees, and Permits	224,583	-	-
Charges for Services	319,280	-	-
Rent and Lease Revenue	15,360	-	-
Donations	829	-	-
Investment Income	41,654	8,714	1,754
Intergovernmental Revenues	172,337	-	1,577,075
Other Revenue	43,607	-	-
Total Revenues	<u>2,887,570</u>	<u>76,239</u>	<u>1,578,829</u>
<b>EXPENDITURES</b>			
Current:			
General Government	1,096,245	9,392	-
Public Safety	484,464	-	-
Judicial System	213,028	-	-
Transportation	288,383	-	-
Culture and Recreation	77,546	-	-
Health and Human Services	651,082	-	-
Economic Development	9,630	4,221	-
Debt Service:			
Principal	17,743	-	-
Interest	532	-	-
Capital Outlay	-	241,484	-
Total Expenditures	<u>2,838,653</u>	<u>255,097</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>48,917</u>	<u>(178,858)</u>	<u>1,578,829</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	219	-	-
Transfers Out	(10,000)	-	-
Other Uses	(31,823)	-	(1,600,468)
Total Other Financing Sources (Uses)	<u>(41,604)</u>	<u>-</u>	<u>(1,600,468)</u>
Net Change in Fund Balance	7,313	(178,858)	(21,639)
Fund Balance - Beginning	(167,579)	721,222	21,639
Fund Balance - Ending	<u>\$ (160,266)</u>	<u>\$ 542,364</u>	<u>\$ -</u>

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

<i>136</i>	<i>137</i>	<i>170</i>	<i>172</i>		Total
Ambulance Grant	Fire Truck Grant	Operation Lone Star 2023	SB22 Prosecutors Grant	Total Non- Major Funds	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 18,227	\$ 1,953,076
-	-	-	-	-	202,596
-	-	-	-	4,576	229,159
-	-	-	-	9,752	329,032
-	-	-	-	-	15,360
-	-	-	-	-	829
550	-	-	-	4,696	57,368
335,536	541,704	1,199,220	15,174	376,060	4,217,106
-	-	-	-	383	43,990
<u>336,086</u>	<u>541,704</u>	<u>1,199,220</u>	<u>15,174</u>	<u>413,694</u>	<u>7,048,516</u>
14,300	27,000	-	-	4,000	1,150,937
-	-	555,643	9,955	257,870	1,307,932
-	-	-	-	-	213,028
-	-	-	-	-	288,383
-	-	-	-	187	77,733
-	-	-	-	-	651,082
-	-	-	-	1,416	15,267
-	-	-	-	-	17,743
-	-	-	-	-	532
326,786	514,704	643,577	-	110,616	1,837,167
<u>341,086</u>	<u>541,704</u>	<u>1,199,220</u>	<u>9,955</u>	<u>374,089</u>	<u>5,559,804</u>
<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>5,219</u>	<u>39,605</u>	<u>1,488,712</u>
5,000	-	-	-	10,000	15,219
-	-	-	(5,219)	-	(15,219)
-	-	-	-	-	(1,632,291)
<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(5,219)</u>	<u>10,000</u>	<u>(1,632,291)</u>
-	-	-	-	49,605	(143,579)
-	-	-	-	114,568	689,850
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,173</u>	<u>\$ 546,271</u>

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TERRELL COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Net Change in Fund Balances - Total Governmental Funds	\$	(143,579)
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Court receivables and related revenues for fines and fees are longer-term in nature due to their high uncollectable percentage and have therefore only been recorded at the government-wide financial statement level.		15,262
--	--	--------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, depreciation expense is only reported on the Statement of Activities.

Expenditures for capitalized assets	\$ 1,847,417	
Less current year depreciation	<u>(473,136)</u>	1,374,281

Long-term liabilities, such as bonds and notes payable, are not recorded within the governmental funds due to them not representing current liabilities. When principal repayments are made on these obligations, they represent expenditures in the governmental funds and reduce long-term liabilities in the statement of activities.

Payments on long-term debt	17,743	
Change in long-term liabilities for compensated absences	<u>4,512</u>	22,255

Revenues in the statements of activities for property taxes are recognized in the period levied, not collected. Therefore the uncollected property taxes of the current period increase the change in net position		19,242
--	--	--------

Governmental funds report pension and other post-employment benefit contributions as current year expenditures. However, these costs are measured actuarially in the statement of activities. These differences in recognition between the governmental funds and Statement of Activities for these items is as follows:

Current year pension expense	253,293	
Current year other post-employment benefits expense	<u>(12,947)</u>	240,346

Change in Net Position- Governmental Activities	\$	<u><u>1,527,807</u></u>
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The notes to the financial statements are an integral part of this statement.

TERRELL COUNTY, TEXAS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2024

	Fiduciary Funds	
	Private Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,239,887	\$ 184,288
Investments	19,723,782	-
Accounts Receivable	43,569	-
Accrued Interest Receivable	146,006	-
Notes Receivable	75,000	-
Total Assets	21,228,244	184,288
<b>LIABILITIES</b>		
Accounts Payable	15,001	-
Due to Other Funds	50,818	-
Total Liabilities	65,819	-
<b>NET POSITION</b>		
Restricted for Remittance to County	-	184,288
Restricted for Beneficiaries	21,162,425	-
Total Net Position	\$ 21,162,425	\$ 184,288

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



TERRELL COUNTY, TEXAS  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Fiduciary Funds	
	Private Purpose Trust Funds	Custodial Funds
<b>REVENUES</b>		
Contributions:		
Rent and Lease Income	\$ 87,137	\$ -
Donations	250	-
Miscellaneous Revenue	-	287,338
Total Contributions	87,387	287,338
Investment Earnings:		
Investment Income	331,689	-
Total Investment Income	331,689	-
Total Revenues	419,076	287,338
<b>EXPENDITURES</b>		
Payments to Beneficiaries	384,037	-
Investment Fees	12,415	-
Repairs and Maintenance	242	-
Other Operating Costs	98,424	-
Miscellaneous Expenditures	-	233,580
Total Expenditures	495,118	233,580
Net Change in Net Position	(76,042)	53,758
Net Position - Beginning	21,238,467	130,530
Net Position - Ending	\$ 21,162,425	\$ 184,288

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

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NOTES TO THE FINANCIAL STATEMENTS

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TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**NOTE-1 Summary of significant accounting policies**

**Reporting entity**

Terrell County, Texas (the “County”) is the primary government reported within these financial statements and is governed by an elected County Judge and four-member Commissioners Court (the “Court”). The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Based on the criteria for determining and including component units within the financial statements of a primary government, no blended or discretely presented component units have been included within the County’s financial statements.

**Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Basis of presentation – Government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Basis of presentation – fund financial statements**

The fund financial statements provide information about the government’s funds, including its fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

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

The *Venue Fund* is the County’s special revenue fund established to account for the revenue and expenditures related to operation of the County’s convention center facility.

TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The *Colonia CDGB Fund* is the County's special revenue fund that accounts for revenues received on this federal CDBG grant and their subsequent pass-through to the Terrell County Water Control and Improvement District.

The *Ambulance Grant Fund* is the County's special revenue fund that is used to account for resources used by the County in connection with providing ambulance and EMS services to its citizens.

The *Fire Truck Grant Fund* is the County's special revenue fund that is used to account for resources used by the County in connection with providing fire protection services to its citizens.

The *Operation Lone Star 2023 Fund* a special revenue fund that accounts for revenues and related expenditures in relation to this state sponsored grant which addresses the Texas/Mexico border crisis.

The *SB22 Prosecutors Grant Fund* is the County's special revenue fund that is used to support the prosecutors department of the County.

For the year ended September 30, 2024, the County reported three additional major funds, the Ambulance Grant Fund, the Fire Truck Grant Fund and the SB22 Prosecutors Grant Fund. These funds were not reported as major funds for the year ended September 30, 2023 as the Ambulance Grant Fund and the Fire Truck Grant Fund did not exist in the prior year and the SB22 Prosecutors Grant Fund did not meet the quantitative threshold to be considered a major fund in the prior year.

Additionally, the government reports the following fund types:

*Special Revenue Funds* account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specified purposes.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *Private-Purpose Trust Fund* accounts for assets held in a trustee capacity for others and which therefore are not available to support County programs. The reporting focus is on net position and changes in net position, which is reported using the accrual basis of accounting.

The *Custodial Fund* accounts for cash collections held by the various offices of elected County officials that have either yet to be turned in to the County Treasurer or can be used by the elected official in accordance with State law.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds or advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Custodial funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

**Budgetary information**

***Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the following funds:

General Fund	Contingency Fund
Road & Bridge Fund	Airport Fund
Courthouse and Jail Fund	Venue Tax Fund
Jury Fund	J.P. Technology Fund
Courthouse Security Fund	Records Preservation Fund



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Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Commissioners Court. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

## ***2. Excess of expenditures over appropriations***

For the year ended September 30, 2024, expenditures exceeded appropriations in the Justice System and Economic Development line items of the general fund by \$255,623 and \$6,130, respectively.

## ***Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance***

### ***1. Cash and cash equivalents***

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

### ***2. Investments***

Investments for the government are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

### ***3. Inventories and prepaid items***

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### ***4. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year.

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As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings	40
Machinery and Equipment	7-15
Vehicles	6
Improvements	20
Infrastructure	20

***5. Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

***6. Net position flow assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***7. Fund balance flow assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.



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**8. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing Commissioners Court is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Commissioners Court has by resolution authorized the County Judge to assign fund balance. The Commissioners Court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and expenditures/expenses**

**1. Program revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property taxes**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2023, upon which the levy for the 2023-2024 fiscal year was based, was \$275,665,530. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2024, to finance County operations was \$0.7038, per \$100 valuation. The total County tax levy for the 2023-2024 fiscal year was \$1,940,134. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2024, were 98.8% of the year end adjusted tax levy.

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**3. *Compensated absences***

**Vacation**

The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

**Sick Leave**

Accumulated sick leave lapses when employees leave the employment of the County and, upon separation from service, no monetary obligation exists.

**4. *Pensions***

For purposes of measuring the net pension liability, the economic resources measurement focus and full accrual basis of accounting have been used. This includes deferred inflows and outflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from the net position of the pension plan. 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.

**NOTE-2 CASH AND INVESTMENTS**

**Cash deposits with financial institutions**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. However, as of September 30, 2024, and as of the highest cash balance during the year, the County's depository bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) and pledged securities. As of September 30, 2024, the total balance per books of the County's cash deposits and certificates of deposit at Pecos County State Bank were \$5,288,633 and the corresponding total bank balance was \$5,390,565.

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**Investments**

As of September 30, 2024, the County had the following investments:

Investment Type	Maturity Time in Years				Totals
	Less than 1	1-5	6-10	More Than 10	
<b>Governmental Funds:</b>					
Certificates of Deposit	\$ 41,739	\$ -	\$ -	\$ -	\$ 41,739
LoneStar Government Pool	127,776	-	-	-	127,776
TexStar Government Pool	9,274	-	-	-	9,274
TexPool Investment Pool	979	-	-	-	979
Total Governmental Funds	<u>\$ 179,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,768</u>
<b>Fiduciary Funds:</b>					
Certificates of Deposit	\$ 3,864,354	\$ -	\$ -	\$ -	\$ 3,864,354
Marketable Securities	14,410,205	-	-	-	14,410,205
LoneStar Government Pool	395,088	-	-	-	395,088
TexStar Government Pool	722,487	-	-	-	722,487
TexPool Investment Pool	331,648	-	-	-	331,648
Total Fiduciary Funds	<u>\$ 19,723,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,723,782</u>

The County had investments in three external local governmental investment pools at September 30, 2024, consisting of Lone Star (First Public), TexStar and TexPool.

**Lone Star (First Public)**

The Government Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds--Corporate Overnight Fund and Corporate Overnight Plus Fund--also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

**TexStar**

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created in April 2002 through a contract among its participating governmental units, and is governed by a board of directors (the board) to provide for the joint investments of participant's public funds and funds under their control. TexSTAR's policy seeks to invest pooled assets in a manner that will provide for preservation and safety of principal and competitive investment returns while meeting the daily liquidity needs of the participants by utilizing economies of scale and professional investment expertise.

Since April 2002, J.P. Morgan Investment Management Inc. (JPMIM) has served as investment adviser to TexSTAR. JPMIM is an SEC registered investment adviser and an affiliate of J.P. Morgan Asset Management (JPMAM), which is the marketing name for the asset management business of JPMorgan Chase & Co. FirstSouthwest,



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A Division of Hilltop Securities (FirstSouthwest) and JPMIM serve as co-administrators for TexSTAR. FirstSouthwest provides administrative, participant support, and marketing services. Hilltop Securities Inc. is a registered broker dealer, member of FINRA/SIPC, which provides financial advisory and investment banking services to governmental entities across the county. JPMorgan Chase Bank N.A. provides custodial services.

### TexPool

TexPool operates in a manner consistent with the criteria set forth in Governmental Accounting Standards Board Statement No. 79 (GASB 79) and therefore uses amortized cost to report net assets to compute share prices. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool does not have any restrictions or limitations on withdrawals.

TexPool maintains a Net Asset Value of approximately \$1 per share and, as allowed by GASB 79, uses amortized cost to report net assets. TexPool does not have any restrictions or limitations on withdrawals. The Standard and Poor's investment rating for TexPool as of September 30, 2024 was AAAM.

*Interest rate risk.* In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

*Credit risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the County's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2024, the County's investment in the State Treasurer's investment pool was rated AAA by Standard & Poor's and AAA by Moody's Investors Service.

*Concentration of credit risk.* The County's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the County's total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

*Custodial credit risk-investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

### NOTE-3 RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major and nonmajor funds of the governmental funds of the County, including the applicable allowances for uncollectible accounts:

Receivables	General Fund	Venue Fund	Operation Lone Star 2023	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	\$ 202,580	\$ -	\$ -	\$ -	\$ 202,580
Accounts Receivable	48,041	13,838	14,573	21,627	98,079
Gross Receivables	250,621	13,838	14,573	21,627	300,659
Allowance for Uncoll.	(20,258)	-	-	-	(20,258)
Net receivables	<u>\$ 230,363</u>	<u>\$ 13,838</u>	<u>\$ 14,573</u>	<u>\$ 21,627</u>	<u>\$ 280,401</u>

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Receivables	Fuel Service
Accounts Receivable	\$ 43,569
Gross Receivables	43,569
Less: Allowance for Uncollectibles	-
Net Receivables	<u>\$ 43,569</u>

**NOTE-4 Capital Assets**

Capital assets activity for the year ended September 30, 2024, was as follows:

	Balance 10/1/23	Increases	Decreases	Adjustments	Balance 9/30/24
Capital assets, not being depreciated:					
Land	\$ 186,512	\$ -	\$ -	\$ -	\$ 186,512
Construction-in-progress	29,750	258,734	-	(29,750)	258,734
Total capital assets, not being depreciated	<u>216,262</u>	<u>258,734</u>	<u>-</u>	<u>(29,750)</u>	<u>445,246</u>
Capital assets, being depreciated:					
Buildings and improvements	4,153,554	-	-	40,000	4,193,554
Machinery and equipment	4,104,447	1,578,433	-	-	5,682,880
Infrastructure	3,719,764	-	-	-	3,719,764
Total capital assets, being depreciated	<u>11,977,765</u>	<u>1,578,433</u>	<u>-</u>	<u>40,000</u>	<u>13,596,198</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,393,987)	(102,645)	-	-	(2,496,632)
Machinery and equipment	(3,889,563)	(102,100)	-	-	(3,991,663)
Infrastructure	(2,128,300)	(268,391)	-	-	(2,396,691)
Total accumulated depreciation	<u>(8,411,850)</u>	<u>(473,136)</u>	<u>-</u>	<u>-</u>	<u>(8,884,986)</u>
Total capital assets being depreciated, net	<u>3,565,915</u>	<u>1,105,297</u>	<u>-</u>	<u>40,000</u>	<u>4,711,212</u>
Governmental activities capital assets, net	<u>\$ 3,782,177</u>	<u>\$ 1,364,031</u>	<u>\$ -</u>	<u>\$ 10,250</u>	<u>\$ 5,156,458</u>

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

General Government	\$ 147,002
Public Safety	167,054
Judicial System	27,209
Highways and Streets	36,833
Public Facilities	9,928
Public Works	83,159
Health and Welfare	1,950
Total Depreciation Expense - Governmental Activities	<u>\$ 473,135</u>



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**NOTE-5 PENSION OBLIGATIONS**

**Texas County & District Retirement System (TCDRS)**

*Plan Description*

- a. Terrell County, Texas participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - 1) All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  - 2) The plan provides retirement, disability, and survivor benefits.
  - 3) TCDRS is a savings-based plan. For the County's plan, 5% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 5% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
  - 4) There are no automatic COLAs. Each year, the County may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
  - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The County's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The County's contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the County and are currently 7%. Contributions to the pension plan from the County for 2023 (the most recent measurement year) are shown in the Schedule of Employer Contributions.
- e. The most recent annual comprehensive financial report for TCDRS can be found at the following link, [www.TCDRS.org/Employer](http://www.TCDRS.org/Employer).

Members	12/31/2022	12/31/2023
Number of inactive employees entitled to but not yet receiving benefits:	77	87
Number of active employees	53	55
Average monthly salary:*	\$ 2,500	\$ 2,693
Average age:*	46.52	45.85
Average length of service in years:*	6.61	6.33
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	43	44
Average monthly benefit:	\$ 1,101	\$ 1,085

*\*Averages reported for active employees.*

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The following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal (1)
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight -Line amortization over expected working life
Recognition of assumptions changes or inputs	Straight -Line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Terrell County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Terrell County specific table
Turnover	Terrell County specific table
Mortality	Pub-2010 Mortality Table

*(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.*

#### *Long-Term Expected Rate of Return*

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

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

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Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
US Equities	Dow Jones U.S. Total Stock Market Index	11.5%	4.75%
Global Equities	MSCI World (net) Index	2.5%	4.75%
Int'l Equities-Developed Mkts	MSCI World Ex USA (net)	5.0%	4.75%
Int'l Equities-Emerging Mkts	MSCI Emerging Markets (net) Index	6.0%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.0%	3.65%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.0%	7.25%
Distressed Debt	Cambridge Assoc. Distressed Securities Index	4.0%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.0%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.0%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.0%	5.70%
Private Equity	Cambridge Assoc. Global Priv. Eq. & Venture Cap. Index	25.0%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Composite Index	6.0%	3.25%
Cash Equivalents	90-Day U. S. Treasury	2.0%	0.60%
		100%	

*Discount Rate*

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

*Sensitivity of the Net Pension Liability/(Asset) 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 County'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.

	Discount Rate (6.6%)	Discount Rate 7.6%	Discount Rate (8.6%)
Total Pension Liability	\$ 8,789,175	\$ 7,918,655	\$ 7,182,062
Fiduciary Net Position	8,629,867	8,629,867	8,629,867
Net Pension Liability/(Asset)	\$ 159,308	\$ (711,213)	\$ (1,447,805)

*Pension Plan Fiduciary Net Position*

A detail of the changes in the Net Pension Liability/(Asset) of the County is as follows on the next page.

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	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balances as of December 31, 2022	\$ 7,776,264	\$ 8,202,716	\$ (426,452)
Changes for the year:			
Service cost	156,626	-	156,626
Interest on total pension liability	581,202	-	581,202
Effect of plan changes	-	-	-
Effect of economic/demographic gains/losses	(13,808)	-	(13,808)
Effect of assump. changes or inputs	-	-	-
Refund of contributions	(10,513)	(10,513)	-
Benefit payments	(571,116)	(571,116)	-
Administrative expenses	-	(4,506)	4,506
Member contributions	-	70,164	(70,164)
Net investment income	-	897,070	(897,070)
Employer contributions	-	65,107	(65,107)
Other	-	(19,055)	19,055
Balances as of December 31, 2023	\$ 7,918,655	\$ 8,629,867	\$ (711,213)

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

For the year ended September 30, 2024, the County recognized pension expense of \$253,293. This amount is inclusive of pension expense recognized within the actuarial valuation measurement at December 31, 2022 and the net change in contributions after the measurement date through December 31, 2023.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 26,918
Changes of assumptions	-	-
Net Difference between projected and actual investment earnings	-	5,490
Contributions made subsequent to the measurement date	56,073	-
Total	\$ 56,073	\$ 32,408

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the pension plan year as follows:

Measurement Year Ended December 31,	Pension Expense Amount
2024	\$ (103,639)
2025	(49,046)
2026	178,515
2027	(58,238)
2028	-
Thereafter	-

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**NOTE-6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – GROUP TERM LIFE INSURANCE**

*Plan Description*

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

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

*Membership Information*

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:



TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Members	12/31/2022	12/31/2023
Number of inactive employees entitled to but not yet receiving benefits (1):	21	26
Number of active employees:	53	55
Average age of active employees:	46.52	45.85
Average length of service in years for active employees:	6.61	6.33
<b>Inactive Employees Receiving Benefits (1)</b>		
Number of benefit recipients (1):	33	34

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

#### *Funding Policy*

For GASB 75 purposes, the OPEB plan is not a cost sharing plan so the annual benefit payments for are treated as being equal to the employer's actual GTL contributions for the year. Employers in the TCDRS GLT Program make a combined contribution for both the active and retiree coverage, however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree coverage are included under GASB 75.

The following shows a breakdown of the employer's contributions to the GTL program for the calendar year 2023. Contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75. Contributions for active coverage are not considered an OPEB benefit under GASB 75.

Coverage Type	2023	
	GTL Rate	Amount
Active Member GTL Benefit	0.14%	\$ 1,965
Retiree GTL Benefit	0.21%	2,947

#### *Total OPEB Liability*

For the Texas County and District Retirement System (TCDRS), the GTL program is treated as an unfunded trust, because the GTL trust covers both actives and retirees and is not segregated. As such, the Total OPEB Liability is required to be reported as a liability for OPEB obligations on the statement of net position.

The following is the Total OPEB Liability for both the current and prior measurement year:

	12/31/2022	12/31/2023
Total OPEB Liability	\$144,672	\$168,056

TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

*Actuarial Methods and Assumptions Used for Calculations*

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/demographic gains or losses	Straight -Line amortization over expected working life
Recognition of assumptions changes or inputs	Straight -Line amortization over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return	3.26%
	20-year Bond GO Index published by bondbuyer.com as of 12/28/23.
Cost-of-Living Adjustments	Does not apply
Disability	Terrell County specific table
Mortality	Terrell County specific table
Retirement	Terrell County specific table
Other Termination of Employment	Terrell County specific table

*Discount Rate*

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.26% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2023.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the OPEB liability of the County, calculated using the discount rate of 3.26%, as well as what the County's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 2.26%, or 1-percentage-point higher, 4.26%, than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitive to the healthcare cost trend rate is not shown.

	1% Decrease	Current	1% Increase
Discount Rate	2.26%	3.26%	4.26%
Total OPEB Liability	\$ 202,318	\$ 168,056	\$ 141,892



TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

*Changes in the Total OPEB Liability*

A detail of the changes in the Total OPEB Liability of the County is as follows:

	<u>Changes in Total OPEB Liability</u>
Balances as of December 31, 2022	\$ 144,672
Changes for the year:	
Service cost	5,131
Interest on total OPEB liability (1)	5,518
Changes in benefit terms (2)	-
Effect of economic/demographic experience	2,800
Effect of assumptions changes or inputs (3)	12,882
Benefit payments	(2,947)
Balances as of December 31, 2023	<u>\$ 168,056</u>

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

(2) No plan changes valued.

(3) Reflects change in discount rate.

*OPEB Expense and Deferred Outflows and Outflows of Resources*

For the year ended September 30, 2024, the County recognized OPEB expense of (\$12,947).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,292	\$ 1,254
Changes of assumptions	10,985	30,218
Net Difference between projected and actual investment earnings	-	-
Contributions made subsequent to the measurement date	2,578	-
Total	\$ 15,855	\$ 31,472

Deferred outflows of resources for contributions subsequent to the measurement date shown above will be recognized as a reduction of the Total OPEB Liability in the subsequent pension plan measurement year. All other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the OPEB plan measurement year as follows:

Measurement Year Ended December 31,	OPEB Expense
2024	\$ (7,494)
2025	(6,919)
2026	(6,920)
2027	3,138
2028	-
Thereafter	-

TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**NOTE-7 ACCRUED LIABILITIES**

Accrued liabilities reported by governmental funds at September 30, 2024, were as follows:

	General Fund	Colonia CDBG Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Accounts Payable	\$ 3,773	\$ 3,200	\$ 3,012	\$ 9,985
Accrued Liabilities	76,570	-	-	76,570
Total	<u>\$ 80,343</u>	<u>\$ 3,200</u>	<u>\$ 3,012</u>	<u>\$ 86,555</u>

Accrued liabilities reported by fiduciary funds at September 30, 2024, were as follows:

	Fuel Service Fund
Accounts Payable	\$ 15,001
Total	<u>\$ 15,001</u>

**NOTE-8 RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To reduce its risk exposure in these areas the County purchases insurance to reduce the exposure to these risks. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

**NOTE-9 LONG-TERM LIABILITIES**

Changes in long-term liabilities

Changes in the County's long-term liabilities for the year ended September 30, 2024 are as follows:

**Governmental Activities:**

Description	Balance 10/1/23	Additions	Deletions	Balance 9/30/24	Due in One Year
Financing Leases Payable					
DivLend Equipment Leasing	\$ 17,743	\$ -	\$ (17,743)	\$ -	\$ -
Total Financing Leases Payable	<u>17,743</u>	<u>-</u>	<u>(17,743)</u>	<u>-</u>	<u>-</u>
Other Long-Term Debt:					
Compensated Absences	14,132	-	(4,512)	9,620	4,810
Total Other Long-Term Debt	<u>14,132</u>	<u>-</u>	<u>(4,512)</u>	<u>9,620</u>	<u>4,810</u>
Gov. Activities Long-term Liabilities	<u>\$ 31,875</u>	<u>\$ -</u>	<u>\$ (22,255)</u>	<u>\$ 9,620</u>	<u>\$ 4,810</u>

The compensated absences liabilities will be liquidated from the applicable fund where the expenditure occurred. The General Fund and special revenue funds are the applicable funds where expenditures are usually utilized to record compensated absences.

TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**NOTE-10 INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of September 30, 2024 is as follows below:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 260,261
	Special Revenue Fund	48,357
	Trust and Custodial Funds	49,858
Total General Fund		<u>358,476</u>
Special Revenue Funds	General Fund	515,033
Total Special Revenue Funds		<u>515,033</u>
Total		<u>\$ 873,509</u>

Interfund balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the General Fund expects to collect in the subsequent year.

Interfund transfers for the year were as follows:

	Transfer in to:		
	Governmental Funds		
		Special Revenue Fund	
	General Fund	Fund	Total
<b>Transfer out from:</b>			
General Fund	\$ -	\$ 10,000	\$ 10,000
Special Revenue Funds	219	5,000	5,219
Total	<u>\$ 219</u>	<u>\$ 15,000</u>	<u>\$ 15,219</u>

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, and 2) move general fund resources to provide subsidies to other funds as needs arise.

**NOTE-11 CONTINGENCIES**

The government participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

TERRELL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**NOTE-12 NEW GOVERNMENTAL ACCOUNTING PRONOUNCEMENT**

During the year the County implemented Governmental Accounting Standards Board Statement No. 100 – *Accounting Changes and Error Corrections* (“GASB 100”). The objective of GASB 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

For the year ended September 30, 2023, the County’s Ambulance Grant Fund, Fire Truck Grant Fund and SB22 Prosecutor Grant Fund were not major funds; however, these funds did meet the major fund quantitative threshold for the year ended September 30, 2024. This is considered a change of circumstance.

**NOTE-13 SUBSEQUENT EVENTS**

There were no subsequent events that occurred after year end meeting the requirements for disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

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TERRELL COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		General Fund	Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 1,800,548	\$ 1,800,548	\$ 1,934,849	\$ 134,301
General Sales and Use Taxes	112,000	112,000	135,071	23,071
Fines, Fees, and Permits	124,150	124,150	224,583	100,433
Charges for Services	301,290	301,290	319,280	17,990
Rent and Lease Income	15,000	15,000	15,360	360
Donations	-	-	829	829
Intergovernmental Revenues	98,526	98,526	41,654	(56,872)
Investment Income	9,500	9,500	172,337	162,837
Other Revenue	11,700	11,700	43,607	31,907
Total Revenues	2,472,714	2,472,714	2,887,570	414,856
<b>EXPENDITURES</b>				
Current:				
General Government	1,135,233	1,195,204	1,096,245	98,959
Public Safety	555,596	482,284	484,464	(2,180)
Justice System	180,740	192,361	213,028	(20,667)
Transportation	316,332	301,287	288,383	12,904
Culture and Recreation	70,327	82,180	77,546	4,634
Health and Human Services	740,485	740,485	651,082	89,403
Economic Development	3,500	3,500	9,630	(6,130)
Debt Service:				
Principal	-	17,743	17,743	-
Interest	-	532	532	-
Total Expenditures	3,002,213	3,015,576	2,838,653	176,923
Excess (Deficiency) of Revenue Over Expenditures	(529,499)	(542,862)	48,917	591,779
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	534,697	534,697	219	(534,478)
Transfers Out	-	-	(10,000)	(10,000)
Other Uses	-	-	(31,823)	(31,823)
Total Other Financing Sources (Uses)	534,697	534,697	(41,604)	(576,301)
Net Change in Fund Balance	5,198	(8,165)	7,313	15,478
Fund Balance - Beginning	(167,579)	(167,579)	(167,579)	-
Fund Balance - Ending	\$ (162,381)	\$ (175,744)	\$ (160,266)	\$ 15,478

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

TERRELL COUNTY, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Measurement Date			
	2023	2022	2021	2020
Total Pension Liability				
Service Cost	\$ 156,626	\$ 133,123	\$ 122,018	\$ 145,365
Interest on Total Pension Liability	581,202	576,087	579,253	572,761
Effect of Plan Changes	-	-	-	-
Effect of Assumption Changes or Inputs	-	-	(22,809)	374,566
Effect of Economic/Demographic (Gains)/Losses	(13,808)	(53,141)	(113,132)	42,068
Benefit Payments/Refunds of Contributions	(581,629)	(641,792)	(595,239)	(527,001)
Net Change in Total Pension Liability	142,391	14,277	(29,909)	607,759
Total Pension Liability, Beginning	7,776,264	7,761,987	7,791,895	7,184,135
Total Pension Liability, Ending (a)	7,918,655	7,776,264	7,761,986	7,791,894
Fiduciary Net Position				
Employer Contributions	65,107	92,454	96,318	90,420
Member Contributions	70,164	71,058	63,702	59,238
Investment Income Net of Investment Expenses	897,070	(501,268)	1,705,354	784,446
Benefit Payments/Refunds of Contributions	(581,629)	(641,792)	(595,238)	(527,001)
Administrative Expenses	(4,506)	(4,807)	(5,003)	(5,848)
Other	(19,055)	(59,609)	(10,127)	(10,413)
Net Change in Fiduciary Net Position	427,151	(1,043,964)	1,255,006	390,842
Fiduciary Net Position, Beginning	8,202,716	9,246,680	7,991,674	7,600,832
Fiduciary Net Position, Ending (b)	\$ 8,629,867	\$ 8,202,716	\$ 9,246,680	\$ 7,991,674
Net Pension Liability/(Asset), Ending = (a) - (b)	\$ (711,213)	\$ (426,452)	\$ (1,484,694)	\$ (199,780)
Fiduciary Net Position as a % of Total Pension Liab.	108.98%	105.48%	119.13%	102.56%
Pension Covered Payroll	\$ 1,403,286	\$ 1,421,165	\$ 1,274,048	\$ 1,184,767
Net Pension Liability as a % of Covered Payroll	-50.68%	-30.01%	-116.53%	-16.86%

Measurement Date						
2019	2018	2017	2016	2015	2014	
\$ 146,347	\$ 150,880	\$ 172,586	\$ 293,652	\$ 263,344	\$ 257,689	
561,077	542,575	519,583	510,621	486,113	446,760	
-	-	-	(165,466)	(28,966)	-	
-	-	12,986	-	60,515	-	
(56,979)	(22,528)	(17,233)	(308,931)	(134,037)	(16,145)	
(484,262)	(393,455)	(371,679)	(287,902)	(238,421)	(203,665)	
166,183	277,472	316,243	41,974	408,548	484,639	
7,017,951	6,740,479	6,424,236	6,382,261	5,973,712	5,489,073	
7,184,134	7,017,951	6,740,479	6,424,235	6,382,260	5,973,712	
85,437	\$ 84,604	\$ 77,650	\$ 231,120	\$ 239,735	\$ 229,417	
60,679	62,852	63,961	107,797	111,727	106,072	
1,122,434	(137,410)	947,784	444,728	(113,513)	368,683	
(484,262)	(393,456)	(371,679)	(287,902)	(238,421)	(203,666)	
(5,792)	(5,488)	(4,807)	(4,839)	(4,323)	(4,434)	
(10,518)	(6,603)	(3,129)	24,784	15,591	(11,204)	
767,978	(395,501)	709,780	515,688	10,796	484,868	
6,832,854	7,228,355	6,518,575	6,002,886	5,992,089	5,507,221	
\$ 7,600,832	\$ 6,832,854	\$ 7,228,355	\$ 6,518,574	\$ 6,002,885	\$ 5,992,089	
\$ (416,697)	\$ 185,097	\$ (487,876)	\$ (94,339)	\$ 379,375	\$ (18,377)	
105.80%	97.36%	107.24%	101.47%	94.06%	100.31%	
\$ 1,213,581	\$ 1,257,045	\$ 1,279,228	\$ 1,539,953	\$ 1,593,100	\$ 1,515,313	
-34.34%	14.72%	-38.14%	-6.13%	23.77%	-1.21%	

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TERRELL COUNTY, TEXAS  
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 205,099	\$ 239,735	\$ (34,636)	\$ 1,596,100	15.02%
2016	192,494	231,120	(38,626)	1,539,953	15.01%
2017	111,677	111,677	-	1,297,228	8.61%
2018	81,774	81,774	-	1,243,539	6.58%
2019	87,218	87,218	-	1,232,449	7.08%
2020	89,828	89,828	-	1,210,032	7.42%
2021	89,598	89,598	-	1,182,876	7.57%
2022	85,312	85,312	-	1,291,012	6.61%
2023	75,414	75,414	-	1,458,945	5.17%
2024	72,690	72,690	-	16,659,851	0.44%

Notes to the Schedule:

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

Methods & assumptions used to determine contribution rates (December 31, 2021 valuation for 2023 contributions):

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule.

*\*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule*

TERRELL COUNTY, TEXAS  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS –  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Measurement Year			
	2023	2022	2021	2020
Total OPEB Liability				
Service Cost	\$ 5,131	\$ 6,968	\$ 6,511	\$ 7,250
Interest on Total OPEB Liability	5,518	3,985	4,001	4,190
Effect of Plan Changes	-	-	-	-
Effect of Assumption Changes or Inputs	12,882	(50,362)	2,713	20,782
Effect of Economic/Demographic (Gains)/Losses	2,800	86	(5,022)	7,121
Benefit Payments	(2,947)	(4,974)	(2,930)	(2,606)
Net Change in Total OPEB Liability	23,384	(44,297)	5,273	36,737
Total OPEB Liability, Beginning	144,672	188,969	183,696	146,959
Total OPEB Liability, Ending (a)	\$ 168,056	\$ 144,672	\$ 188,969	\$ 183,696
Pensionable Covered Payroll	\$ 1,403,286	\$ 1,421,165	\$ 1,274,048	\$ 1,184,767
Net OPEB Liability as a % of Covered Payroll	11.98%	10.18%	14.83%	15.50%

Measurement Year Ending		
2019	2018	2017
\$ 4,408	\$ 4,097	\$ 3,533
4,639	4,348	4,460
-	-	-
31,104	(13,189)	4,941
(452)	(6,117)	(2,880)
(2,913)	(2,514)	(1,919)
36,786	(13,375)	8,135
110,173	123,548	115,413
\$ 146,959	\$ 110,173	\$ 123,548
\$ 1,213,581	\$ 1,257,045	\$ 1,279,228
12.11%	8.76%	9.66%



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TERRELL COUNTY, TEXAS  
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS  
RETIREE GROUP TERM LIFE PROGRAM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year Ending September 30,	Employer Contribution Rate Applicable to Retirees	Contributions	Pensionable Covered Payroll
2018	52.55%	\$ 2,232	\$ 1,243,539
2019	54.55%	2,514	1,232,449
2020	50.00%	2,913	1,210,032
2021	51.11%	2,606	1,184,767
2022	63.64%	4,411	1,291,012
2023	60.00%	3,584	1,458,945
2024	60.61%	3,353	1,659,851

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COMBINING SCHEDULES –  
NONMAJOR GOVERNMENTAL FUNDS

TERRELL COUNTY, TEXAS  
COMBINING BALANCE SHEET  
SUB-GENERAL FUND DETAIL  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	010	020	030	040
	SUB-GENERAL FUNDS			
	General Government	Road and Bridge Fund	Courthouse & Jail	Jury Fund
<b>ASSETS</b>				
Cash and Temporary Investments	\$ 119,431	\$ -	\$ -	\$ 1,048
Investments	170,492	-	-	-
Property Taxes Receivable	202,580	-	-	-
Allowance for Uncollectible Taxes	(20,258)	-	-	-
Accounts Receivable	48,041	-	-	-
Due from Other funds	349,615	2,549	-	-
Total Assets and Deferred Outflows	<u>\$ 869,901</u>	<u>\$ 2,549</u>	<u>\$ -</u>	<u>\$ 1,048</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,773	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings	8,184	1,767	1,101	41
Accrued Salaries and Wages	76,570	-	-	-
Due to Other Funds	523,894	170,190	75,676	-
Due to Others	13,178	-	-	-
Accrued Expenditures	12,929	-	-	-
Total Liabilities	<u>638,528</u>	<u>171,957</u>	<u>76,777</u>	<u>41</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Property Taxes	182,322	-	-	-
Total Deferred Inflows of Resources	<u>182,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Unassigned	49,051	(169,408)	(76,777)	1,007
Total Fund Balances	<u>49,051</u>	<u>(169,408)</u>	<u>(76,777)</u>	<u>1,007</u>
Total Liabilities and Fund Balances	<u>\$ 869,901</u>	<u>\$ 2,549</u>	<u>\$ -</u>	<u>\$ 1,048</u>

<i>041</i>	<i>050</i>	<i>060</i>	
SUB-GENERAL FUNDS			
Courthouse			
Security	Contingency		Total General
Fund	Fund	Airport Fund	Fund
\$ 8,129	\$ 13,523	\$ 19,742	\$ 161,873
-	-	-	170,492
-	-	-	202,580
-	-	-	(20,258)
-	-	-	48,041
-	-	-	352,164
<u>\$ 8,129</u>	<u>\$ 13,523</u>	<u>\$ 19,742</u>	<u>\$ 914,892</u>
\$ -	\$ -	\$ -	\$ 3,773
-	-	-	11,093
-	-	-	76,570
-	-	5,533	775,293
-	-	-	13,178
-	-	-	12,929
-	-	5,533	892,836
-	-	-	182,322
-	-	-	182,322
8,129	13,523	14,209	(160,266)
8,129	13,523	14,209	(160,266)
<u>\$ 8,129</u>	<u>\$ 13,523</u>	<u>\$ 19,742</u>	<u>\$ 914,892</u>



TERRELL COUNTY, TEXAS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
SUB-GENERAL FUND DETAIL  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	010	020	030	040
	SUB-GENERAL FUNDS			
	General Government	Road and Bridge Fund	Courthouse & Jail	Jury Fund
<b>REVENUES</b>				
Property Taxes	\$ 1,360,449	\$ 287,554	\$ 268,560	\$ 18,286
General Sales and Use Taxes	135,071	-	-	-
Fines, Fees, and Permits	198,185	26,174	-	-
Charges for Services	319,091	-	-	-
Rent and Lease Income	-	-	-	-
Donations	829	-	-	-
Intergovernmental Revenues	40,739	-	-	-
Investment Income	150,269	19,950	-	2,118
Other Revenue	42,798	-	809	-
Total Revenues	2,247,431	333,678	269,369	20,404
<b>EXPENDITURES</b>				
Current:				
General Government	867,757	94,822	129,992	3,173
Public Safety	242,721	3,192	238,551	-
Justice System	176,876	-	2,969	33,183
Transportation	1,337	268,513	-	-
Culture and Recreation	77,546	-	-	-
Health and Human Services	651,082	-	-	-
Economic Development	9,630	-	-	-
Debt Service:				
Principal	17,743	-	-	-
Interest	532	-	-	-
Total Expenditures	2,045,224	366,527	371,512	36,356
Excess (Deficiency) of Revenue Over Expenditures	202,207	(32,849)	(102,143)	(15,952)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	219	-	-	-
Special Items	(10,000)	-	-	-
Other Uses	(31,823)	-	-	-
Total Other Financing Sources (Uses)	(41,604)	-	-	-
Net Change in Fund Balance	160,603	(32,849)	(102,143)	(15,952)
Fund Balance-Beginning	(111,552)	(136,559)	25,366	16,959
Fund Balance-Ending	\$ 49,051	\$ (169,408)	\$ (76,777)	\$ 1,007

<i>041</i>	<i>050</i>	<i>060</i>	
SUB-GENERAL FUNDS			
Courthouse Security Fund	Contingency Fund	Airport Fund	Total General Fund
\$ -	\$ -	\$ -	\$ 1,934,849
-	-	-	135,071
224	-	-	224,583
189	-	-	319,280
-	-	15,360	15,360
-	-	-	829
-	-	915	41,654
-	-	-	172,337
-	-	-	43,607
413	-	16,275	2,887,570
-	-	501	1,096,245
-	-	-	484,464
-	-	-	213,028
-	-	18,533	288,383
-	-	-	77,546
-	-	-	651,082
-	-	-	9,630
-	-	-	17,743
-	-	-	532
-	-	19,034	2,838,653
413	-	(2,759)	48,917
-	-	-	219
-	-	-	(10,000)
-	-	-	(31,823)
-	-	-	(41,604)
413	-	(2,759)	7,313
7,716	13,523	16,968	(167,579)
\$ 8,129	\$ 13,523	\$ 14,209	\$ (160,266)

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Hotel/Motel Tax Fund – Accounts for receipts of Hotel/Motel tax revenue within the County that is then restricted for spending on purposes that contribute to increasing economic activity.

Visitor Center Fund – Accounts for operations at the County visitors center along with residual funding amounts for this activity.

American Rescue Plan Fund – Accounts for revenues and expenditures of this special grant funding received in relation to the COVID-19 pandemic.

CARES Act (COVID-19) Fund – Accounts for revenues and expenditures of this special grant funding received in relation to the COVID-19 pandemic.

JP Tech Fund – Accounts for the revenues collected by the Justices of the Peace restricted for usage on technology expenditures.

Historical Commission Fund – Accounts for the revenues and expenditures restricted for the preservation of items of historical significance in the County.

Records Preservation Fund – Accounts for the restricted revenues and related expenditures from fines and fees revenue that are intended to assist the County in records preservation

Tax Notes 2007 Fund – Accounts for the residual resources held on the issued Tax Notes from 2007.

JRAC – EMS Fund – Accounts for the revenues and expenditures related to grant funding received through the Regional Advisory Council, J-Region.

Operation Stonegarden Funds-2023 – Accounts for the revenue and expenditures of the federal Operation Stonegarden grant program for the 2023 grant year.

Body Worn Cameras Grant Fund – Accounts for the revenues and expenditures of the grant received for public safety.

TC Heritage Museum Grant Fund – Accounts for the revenues and expenditures of the grant received for support of the Terrell County Heritage Museum.

SB22 Sheriff Grant – Accounts for the revenue and expenditures of the Texas Senate Bill (SB) 22 Sheriff grant program.

### **Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of County funds.

TERRELL COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	160	066	123	130
	SPECIAL REVENUE FUNDS			
	Hotel/Motel Tax	Visitors Center	Operation Stonegarden- 2022	American Rescue Plan
<b>ASSETS</b>				
Cash and Temporary Investments	\$ 53,234	\$ 4,101	\$ -	\$ 10,615
Investments	-	-	-	-
Accounts Receivable	8,966	-	-	-
Due from Other funds	6,311	-	-	-
Total Assets and Deferred Outflows	\$ 68,511	\$ 4,101	\$ -	\$ 10,615
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings	-	-	-	-
Due to Other Funds	-	-	-	10,615
Unearned Revenues	-	-	-	-
Total Liabilities	-	-	-	10,615
<b>FUND BALANCES</b>				
Restricted for:				
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Other Purposes	68,511	4,101	-	-
Total Fund Balances	68,511	4,101	-	-
Total Liabilities and Fund Balances	\$ 68,511	\$ 4,101	\$ -	\$ 10,615

140	043	065	080	056	162	124	149
SPECIAL REVENUE FUNDS							
Cares Act (COVID-19)	JP Tech Fund	Historical Commission	Records Preservation Fund	Tax Notes- 2007	JRAC - EMS	Operation Stone Garden- 23	Body Worn Cameras Grant
\$ 17,415	\$ 5,960	\$ 8,229	\$ 17,471	\$ -	\$ 46,217	\$ -	\$ -
-	-	7,887	595	691	-	-	-
-	-	-	-	-	-	12,661	-
-	-	-	-	-	-	-	-
\$ 17,415	\$ 5,960	\$ 16,116	\$ 18,066	\$ 691	\$ 46,217	\$ 12,661	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,012	\$ -	\$ -
-	-	-	-	-	184	-	-
-	-	75	9,473	-	-	12,661	-
17,415	-	-	-	-	-	-	-
17,415	-	75	9,473	-	3,196	12,661	-
-	-	-	-	-	-	43,021	-
-	-	-	-	-	-	-	-
-	-	-	-	-	691	-	-
-	-	5,960	16,041	8,593	-	-	-
-	5,960	16,041	8,593	691	43,021	-	-
\$ 17,415	\$ 5,960	\$ 16,116	\$ 18,066	\$ 691	\$ 46,217	\$ 12,661	\$ -



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TERRELL COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	<i>163</i>	<i>171</i>	<i>164</i>	<i>059</i>	
	SPECIAL REVENUE FUNDS				
	TC Heritage Museum Grant	SB22 Sheriff Grant	Senior Center	Debt Service Fund	Total Non- Major Funds
<b>ASSETS</b>					
Cash and Temporary Investments	\$ 2,342	\$ 51,210	\$ 10,000	\$ 4,911	\$ 231,705
Investments	-	-	-	2	9,175
Accounts Receivable	-	-	-	-	21,627
Due from Other funds	-	-	-	-	6,311
Total Assets and Deferred Outflows	<u>\$ 2,342</u>	<u>\$ 51,210</u>	<u>\$ 10,000</u>	<u>\$ 4,913</u>	<u>\$ 268,818</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 3,012
Payroll Deductions and Withholdings	-	-	-	-	184
Due to Other Funds	-	-	-	-	32,824
Unearned Revenues	-	51,210	-	-	68,625
Total Liabilities	<u>-</u>	<u>51,210</u>	<u>-</u>	<u>-</u>	<u>104,645</u>
<b>FUND BALANCES</b>					
Restricted for:					
Health and Welfare	-	-	-	-	43,021
Debt Service	-	-	-	4,913	4,913
Capital Projects	-	-	-	-	691
Other Purposes	-	2,342	-	-	115,548
Total Fund Balances	<u>2,342</u>	<u>-</u>	<u>10,000</u>	<u>4,913</u>	<u>164,173</u>
Total Liabilities and Fund Balances	<u>\$ 2,342</u>	<u>\$ 51,210</u>	<u>\$ 10,000</u>	<u>\$ 4,913</u>	<u>\$ 268,818</u>

TERRELL COUNTY, TEXAS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	160	066	123	130
	SPECIAL REVENUE FUNDS			
	Hotel/Motel Tax	Visitors Center	Operation Stonegarden- 2022	American Rescue Plan
<b>REVENUES</b>				
General Sales and Use Taxes	\$ 18,227	\$ -	\$ -	\$ -
Fines, Fees, and Permits	-	-	-	-
Charges for Services	-	2,456	-	-
Investment Income	2,151	155	-	-
Intergovernmental Revenues	-	-	12,674	-
Other Revenue	-	-	-	-
Total Revenues	20,378	2,611	12,674	-
<b>EXPENDITURES</b>				
Current:				
General Government	4,000	-	-	-
Public Safety	-	-	12,674	-
Culture and Recreation	-	-	-	-
Economic Development	-	1,416	-	-
Capital Outlay	-	-	-	-
Total Expenditures	4,000	1,416	12,674	-
Net Change in Fund Balance	16,378	1,195	-	-
Fund Balance-Beginning	52,133	2,906	-	-
Fund Balance-Ending	\$ 68,511	\$ 4,101	\$ -	\$ -

<i>140</i>	<i>043</i>	<i>065</i>	<i>080</i>	<i>056</i>	<i>162</i>	<i>124</i>	<i>149</i>
SPECIAL REVENUE FUNDS							
Cares Act (COVID-19)	JP Tech Fund	Historical Commission	Records Preservation Fund	Tax Notes- 2007	JRAC - EMS	Operation Stone Garden- 23	Body Worn Cameras Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	232	-	4,344	-	-	-	-
-	-	1,130	3,637	-	-	-	-
-	-	407	612	37	1,129	-	-
-	-	-	-	-	42,144	98,684	6,430
-	-	383	-	-	-	-	-
-	232	1,920	8,593	37	43,273	98,684	6,430
-	-	-	-	-	-	-	-
-	-	-	-	-	34,570	98,684	6,430
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	34,570	98,684	6,430
-	232	1,920	8,593	37	8,703	-	-
-	5,728	14,121	-	654	34,318	-	-
\$ -	\$ 5,960	\$ 16,041	\$ 8,593	\$ 691	\$ 43,021	\$ -	\$ -

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(CONCLUDED)

TERRELL COUNTY, TEXAS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	<i>031</i>	<i>171</i>	<i>164</i>	<i>059</i>	
	<u>SPECIAL REVENUE FUNDS</u>				
	TC Heritage Museum Grant	SB22 Sheriff Grant	Senior Center	Debt Service Fund	Total Non- Major Funds
<b>REVENUES</b>					
General Sales and Use Taxes	\$ -	\$ -	\$ -	\$ -	\$ 18,227
Fines, Fees, and Permits	-	-	-	-	4,576
Charges for Services	2,529	-	-	-	9,752
Investment Income	-	-	-	205	4,696
Intergovernmental Revenues	-	198,878	17,250	-	376,060
Other Revenue	-	-	-	-	383
Total Revenues	2,529	198,878	17,250	205	413,694
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	4,000
Public Safety	-	105,512	-	-	257,870
Culture and Recreation	187	-	-	-	187
Economic Development	-	-	-	-	1,416
Capital Outlay	-	93,366	17,250	-	110,616
Total Expenditures	187	198,878	17,250	-	374,089
Net Change in Fund Balance	2,342	-	10,000	205	49,605
Fund Balance-Beginning	-	-	-	4,708	114,568
Fund Balance-Ending	\$ 2,342	\$ -	\$ 10,000	\$ 4,913	\$ 164,173



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COMBINING SCHEDULES –  
PRIVATE PURPOSE TRUST FUNDS

TERRELL COUNTY, TEXAS  
COMBINING SCHEDULE OF NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
SEPTEMBER 30, 2024

	85	92	
	PRIVATE PURPOSE TRUST FUNDS		
	Permanent School Fund	Cemetery Fund	Total Private Purpose Trust Funds
<b>ASSETS</b>			
Cash and Temporary Investments	\$ 1,152,293	\$ 87,594	\$ 1,239,887
Investments	19,723,782	-	19,723,782
Accounts Receivable	43,569	-	43,569
Accrued Interest Receivable	146,006	-	146,006
Notes Receivable	75,000	-	75,000
Total Assets	<u>21,140,650</u>	<u>87,594</u>	<u>21,228,244</u>
<b>LIABILITIES</b>			
Accounts Payable	15,001	-	15,001
Due to Other Funds	49,858	960	50,818
Total Liabilities	<u>64,859</u>	<u>960</u>	<u>65,819</u>
<b>NET POSITION (DEFICITS)</b>			
Restricted for Beneficiaries	21,075,791	86,634	21,162,425
Total Net Position	<u>\$ 21,075,791</u>	<u>\$ 86,634</u>	<u>\$ 21,162,425</u>

TERRELL COUNTY, TEXAS  
COMBINING SCHEDULE OF CHANGES IN NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
SEPTEMBER 30, 2024

	85	92	
	PRIVATE PURPOSE TRUST FUNDS		
	Permanent School Fund	Cemetery Fund	Total Private Purpose Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Rent and Lease Income	\$ 87,137	\$ -	\$ 87,137
Donations	-	250	250
Total Contributions	87,137	250	87,387
Investment Earnings:			
Investment Income	330,797	892	331,689
Total Investment Income	330,797	892	331,689
<b>TOTAL ADDITIONS</b>	417,934	1,142	419,076
<b>DEDUCTIONS</b>			
Payments to Beneficiaries	384,037	-	384,037
Investment Fees	12,415	-	12,415
Repairs and Maintenance	-	242	242
Other Operating Costs	98,349	75	98,424
Total Expenses	494,801	317	495,118
Increase (Decrease) in Net Position	(76,867)	825	(76,042)
Net Position - Beginning	21,152,658	85,809	21,238,467
Net Position - Ending	\$ 21,075,791	\$ 86,634	\$ 21,162,425

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COMBINING SCHEDULES –  
CUSTODIAL FUNDS

TERRELL COUNTY, TEXAS  
COMBINING STATEMENT OF NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<i>71</i>	<i>72</i>	<i>73</i>	<i>101</i>
	Custodial Funds			
	Sheriff's Forfeiture Fund	Sheriff's Education Fund	Sheriff's Towing	Tax Assessor/ Collector
<b>ASSETS</b>				
Cash and Temporary Investments	\$ 83,275	\$ 4,806	\$ 5,672	\$ 32,753
Total Assets	83,275	4,806	5,672	32,753
<b>LIABILITIES</b>				
<b>NET POSITION (DEFICITS)</b>				
Restricted for Remittance to County	83,275	4,806	5,672	32,753
Total Net Position	\$ 83,275	\$ 4,806	\$ 5,672	\$ 32,753



<i>102</i>	<i>103</i>	<i>104</i>	<i>105</i>	
Custodial Funds				
Clerk Case Fund	Clerk Fee Fund	Clerk Bond Account	Clerk Trust Account	Total Custodial Funds
\$ 12,070	\$ 17,443	\$ 16,785	\$ 11,484	\$ 184,288
12,070	17,443	16,785	11,484	184,288
12,070	17,443	16,785	11,484	184,288
\$ 12,070	\$ 17,443	\$ 16,785	\$ 11,484	\$ 184,288

TERRELL COUNTY, TEXAS  
 COMBINING SCHEDULE OF CHANGES IN NET POSITION  
 CUSTODIAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<i>71</i>	<i>72</i>	<i>73</i>	<i>101</i>
	Custodial Funds			
	Sheriff's Forfeiture Fund	Sheriff's Education Fund	Sheriff's Towing	Tax Assessor/ Collector
<b>ADDITIONS</b>				
Collections for County Services	\$ 137,452	\$ 2,189	\$ 10,895	\$ 85,679
Total Additions	137,452	2,189	10,895	85,679
<b>DEDUCTIONS</b>				
Miscellaneous Expenditures	77,998	1,514	37,067	60,074
Total Deductions	77,998	1,514	37,067	60,074
Change in Net Position	59,454	675	(26,172)	25,605
Net Position - Beginning	23,821	4,131	31,844	7,148
Net Position - Ending	\$ 83,275	\$ 4,806	\$ 5,672	\$ 32,753

<i>102</i>	<i>103</i>	<i>104</i>	<i>105</i>	
Custodial Funds				
Clerk Case Fund	Clerk Fee Fund	Clerk Bond Account	Clerk Trust Account	Total Custodial Funds
\$ 10,155	\$ 39,872	\$ 480	\$ 616	\$ 287,338
10,155	39,872	480	616	287,338
32,380	24,547	-	-	233,580
32,380	24,547	-	-	233,580
(22,225)	15,325	480	616	53,758
34,295	2,118	16,305	10,868	130,530
\$ 12,070	\$ 17,443	\$ 16,785	\$ 11,484	\$ 184,288

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GOVERNMENT AUDITING STANDARDS SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Terrell County, Texas (the "County") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 11, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we identified one deficiency in internal control that we consider to be a material weakness. This matter is described in the accompanying schedule of findings and questioned costs as finding 2024-001. We identified certain other deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-002, which we consider to be a significant deficiency, and item 2024-003, which does not rise to the level of a significant deficiency, but is deemed a reportable matter.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-004, 2024-005, and 2024-006.



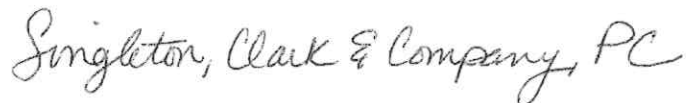
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## **Terrell County, Texas's Response to Findings**

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

### **Purpose of This Report**

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



Singleton, Clark & Company, PC  
Alpine, Texas

April 11, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY FEDERAL UNIFORM  
GUIDANCE AND BY TEXAS GRANT MANAGEMENT STANDARDS AND REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Honorable County Judge, Members of the Commissioner's Court and Citizens of  
Terrell County, Texas:

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

***Opinion on Each Major Federal and State Program***

We have audited Terrell County, Texas's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and within Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2024. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, with the exception of the matter described in audit finding 2024-006, 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 and state programs for the year ended September 30, 2024.

***Basis for Opinion on Each Major Federal and State 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, 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), and TxGMS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Terrell County, Texas 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 and state 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 and state 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*, the Uniform Guidance, and TxGMS, 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*, the Uniform Guidance, and TxGMS, 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 and TxGMS, 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.

#### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. One instance of non-compliance in accordance with TxGMS was noted and is described in the accompanying schedule of findings and questioned costs as finding 2024-006. Our opinion on each major federal and state program is not modified with respect to these matters.

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

#### **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.

**Report on Schedule of Expenditures of Federal and State Awards Required by *Uniform Guidance and TxGMS***

We have audited the financial statements of Terrell County, Texas as of and for the year ended September 30, 2024, and have issued our report thereon dated April 11, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and TxGMS and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Singleton, Clark & Company, PC*

Singleton, Clark & Company, PC  
Alpine, Texas

April 11, 2025

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TERRELL COUNTY, TEXAS  
SCHEDULE OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**FEDERAL AWARDS**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</b>			
<i>Passed through Texas Department of Agriculture:</i>			
Community Development Block Grant - Colonia Fund Construction	14.228	CFC-21-0464	\$ 678,366
Community Development Block Grant - Colonia Fund Construction	14.228	CFC-22-0099	902,102
Community Development Block Grant - Equipment Grants - Fire Truck	14.228	CFA-22-0033	541,704
Community Development Block Grant - Facilities Grants - Senior Center	14.228	CDV-23-0095	17,250
Total Passed through Texas Department of Agriculture			<u>2,139,422</u>
<i>Passed through Texas Department of Housing and Community Affairs</i>			
Community Development Block Grant - Equipment Grants - Ambulance	14.228	CRP-70800001011	336,086
Total Passed through Texas Department of Housing and Community Affairs			<u>336,086</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</b>			<u>2,475,508</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed through Texas Office of the Governor:</i>			
Operation Stonegarden-2022	97.067	3209307	12,674
Operation Stonegarden-2023	97.067	3209308	98,684
Total Passed through Texas Office of the Governor			<u>111,358</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>111,358</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,586,866</u>

**STATE AWARDS**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Grant Identifying Number	Expenditures
<b>TEXAS OFFICE OF THE GOVERNOR</b>		
<i>Public Safety Office (PSO)</i>		
Operation Lone Star - 2023	4376502	\$ 1,199,220
Total Public Safety Office (PSO)		<u>1,199,220</u>
<i>Criminal Justice Division (CJD):</i>		
Rifle-Resistant Body Armor Grant	4363001	6,430
Total Criminal Justice Division (CJD)		<u>6,430</u>
<b>TOTAL TEXAS OFFICE OF THE GOVERNOR</b>		<u>1,205,650</u>
<b>TEXAS STATE COMPTROLLER</b>		
Rural Sheriff's Office Salary Assistance Grant Program	IA-0000000074	198,878
Rural Prosecutor's Office Salary Assistance Grant Program	IA-0000000522	15,175
Total Texas State Comptroller		<u>214,053</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<u>\$ 1,419,703</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>		<u>\$ 4,006,569</u>

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TERRELL COUNTY, TEXAS  
NOTES TO THE SCHEDULE OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal awards expenditures of Terrell County, Texas (the "County") under programs of the federal government for the year ended December 31, 2023. The information in the accompanying Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or change in net position of the County.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

**Relationship to Basic Financial Statements** - Expenditures of federal awards are reported in the County's basic financial statements in the special revenue funds.

**Relationship to Federal Financial Reports** - Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

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TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☒ Yes ☐ No

**FEDERAL AWARDS**

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

**STATE AWARDS**

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs:

Federal Awards:	Federal ALN# or State ID#	
Community Development Block Grant	14.228	Unmodified
State Awards:		
Operation Lone Star Grant	4363001	Unmodified

Any audit findings disclosed that are required to be  
Reported in accordance with the federal Uniform Guidance ☒ Yes ☐ No  
or the Texas Grant Management Standards?

2024-006	State Bid Law Non-Compliance
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Dollar threshold used to distinguish Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

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TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

2024-001    Accounting and Financial Reporting – Excessive Audit Adjustments (Material Weakness)

Criteria:

Counties are required by state law to issue external financial statements annually in order to provide information to the public and to the state and federal governments regarding the County's finances. In addition, a county needs current and accurate information available from its accounting system at all times in order to provide for the effective management of daily financial matters and to show proper accountability for the money it receives from taxpayers and other governments.

Condition Found:

As a result of the annual financial audit, the number of accounting corrections required to be applied by the audit firm in order to present the County's financial statements publicly and in accordance with generally accepted accounting principles was excessive (56). These corrections spanned the areas of recording accounts payable and accrued payroll, grants accounting adjustments, interfund transactions corrections, and reclassifications of misposts.

Cause:

Terrell County is a small county without the appointed County Auditor position which is often found in larger Texas counties. As a result, the accounting and financial reporting responsibilities fall on the Treasurer's Office. These increased responsibilities for Treasurers of small counties require that either the Treasurer or someone within the Treasurer's office possess governmental accounting and other financial management skills in order to meet the internal and external financial reporting requirements of their county. The County Treasurer in office during FY24 neither possessed these skills nor ensured the skills were obtained from outside or other sources.

Effect:

The noted accounting deficiencies resulted in the County not having current and accurate accounting information available for both internal and external reporting needs, neither as the year progressed, nor for the regularly scheduled year-end financial audit. Without this information the County did not have access to usable information for the County's internal financial management needs related to budget creation for upcoming fiscal year or year-to-date budget-to-actual information for reliable monitoring of financial progress during the year. In addition, the number of required corrections applied by the audit firm encroached on the audit firm's ability to remain independent from the County.

Recommendation:

While we have seen significant improvements in the operations of the Treasurer's Office in the past two years, the conditions described above have existed for several years and continued to persist during FY24. We have recommended in previous year audits that the County arrange for outside accounting assistance that could occur at regular intervals, such as monthly or quarterly, and particularly during the year-end closing of the books. In addition, another solution could be for the Treasurer and the Assistant Treasurer to obtain specific governmental accounting training.

Contact Person: Pamela Blaylock, County Treasurer



TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

**2024-002 Investment Management Practices (Significant Deficiency)**

**Criteria:**

County governments are frequently responsible for overseeing and managing their own investments in addition to funds held for others on a custodial basis. This management should ensure funds are invested at all times in accordance with the goals of the County's investment policy.

**Condition Found:**

During the audit it was noted a significant amount of funds within the Permanent School Fund were regularly not being quickly reinvested after given investments had matured. These noted investments mature into a non-interest bearing checking account which is intended as only a temporarily holding account until the funds are reinvested by the County Treasurer.

In addition, we noted that a \$70,000 balance in the Sanderson Cemetery Association investment fund, also managed by Terrell County, was left uninvested in a near non-interest bearing account (0.19%) for the entirety of the year.

**Cause:**

Inadequate attention is being given to the Permanent School Fund and Sanderson Cemetery Association investments in regards to investment maturities and planning ahead of time for new investments.

**Effect:**

During FY24, assuming an average available interest rate approximating 4%, which was available in many bank CD's and Local Government Investment Pools during this time frame, the Permanent School Fund investment earnings foregone is estimated at \$61,000 based on the average daily balance of uninvested funds. In addition, this same condition was reported in the prior year audit, when the prevalent CD rates during FY2023 approximated 4% to 5%. The Permanent School Fund investment earnings foregone for the previous year were estimated at approximately \$100,000. For the Sanderson Cemetery Association, estimated foregone interest approximated \$2,500 in the current year and also in the previous year.

**Recommendation:**

Due to the importance of the Terrell County Permanent School Fund and the significance of the funds managed (approximately \$20 million) we recommend that Terrell County place these funds under professional investment management. In regards to the Sanderson Cemetery Association, we recommend these funds be transferred to the local bank in Sanderson and invested into a CD with a competitive interest rate.

Contact Person: Pamela Blaylock, County Treasurer

**2024-003 Sales Tax Paid**

**Criteria:**

Governmental entities in Texas are exempt from paying state sales tax on all purchases.

TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

2024-003 Sales Tax Paid (continued)

Condition Found:

During our review of selected expenditures, it was noted that the County paid sales tax in the amount of \$5,775 on an invoice from a contractor.

Cause:

Improper monitoring for assessed sales taxes present on vendor invoices before making payment.

Effect:

The County incurred an unnecessary cost of \$5,775 in relation to services from a contractor.

Recommendation:

We recommend all County personnel involved with purchasing and vendor invoice processing be on the lookout for possible assessed sales taxes on vendor invoices and request removal if observed.

Contact Person: Pamela Blaylock, County Treasurer

2024-004 Negative Fund Balance – General Fund (Material Non-Compliance)

Criteria:

Governmental entities in Texas are required under state law to maintain a positive fund balance within their General Fund.

Condition Found:

As of September 30, 2024, the County's General Fund reported a negative fund balance of (\$160,265).

Cause:

While this condition improved slightly from the prior year, the fund balance of the General Fund still persists as negative due to expenditures exceeding revenues in the General Fund in several historical years.

Effect:

The effect of the negative ending fund balance is noncompliance with state law regarding fund balance of the General Fund.

Recommendation:

We recommend the County make budgetary modifications to the General Fund budget to remedy this condition as soon as possible.

Contact Person: Pamela Blaylock, County Treasurer

TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

2024-005    Budgetary Non-Compliance

Criteria:

As a financial control, each year the County adopts an expenditures budget by law which places legal limits on the amount of expenditures that can be made from various departmental line items by the County. As a year progresses, if unanticipated expenditures arise, the Commissioners may approve amendments to the originally adopted budget to accommodate higher expenditure needs in a given department.

Condition Found:

As of year-end, the General Fund budgetary schedule reported a budgetary overage in the Justice System line in the amount of \$20,667, reflecting an 11% over-expenditure, and in the Economic Development line in the amount of \$6,130, reflecting a 175% over-expenditure.

Cause:

As the year progressed, budget amendments were not brought to the Commissioners Court for consideration and approval as needed.

Effect:

The effect is the County has not complied with the legally adopted expenditures budget as actual expenditures made were more than allowed in the officially adopted budget.

Recommendation:

We recommend the Treasurer's Office generate budget-to-actual reports on a regular basis (monthly or quarterly) and bring needed budget amendments to the Commissioners Court to consider for approval when it appears that actual amounts may soon exceed budget for a given budgetary function.

Contact Person: Pamela Blaylock, County Treasurer

**Prior year financial statement findings as required to be restated with current status:**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

2023-001    Accounting and Financial Reporting – Excessive Audit Adjustments (Material Weakness)

Criteria:

Counties are required by state law to issue external financial statements annually in order to provide information to the public and to the state and federal governments regarding the County's finances. In addition, a county needs current and accurate information available from its accounting system at all times in order to provide for the effective management of daily financial matters and to show proper accountability for the money it receives from taxpayers and other governments.

TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Prior year financial statement findings as required to be restated with current status: (Continued)**

2023-001 Accounting and Financial Reporting – Excessive Audit Adjustments (Material Weakness)  
(continued)

**Condition Found:**

As a result of the annual financial audit, the number of accounting corrections required to be applied by the audit firm in order to present the County's financial statements publicly and in accordance with generally accepted accounting principles was excessive (52). These corrections spanned the areas of recording accounts payable and accrued payroll, grants accounting adjustments, interfund transactions corrections, and reclassifications of mis-posts.

**Cause:**

Terrell County is a small county without the appointed County Auditor position which is often found in larger Texas counties. As a result, the accounting and financial reporting responsibilities fall on the Treasurer's Office, as it does in most small counties. These increased responsibilities for Treasurers of small counties require that either the Treasurer or someone within the Treasurer's office possess governmental accounting and other financial management skills in order to meet the internal and external financial reporting requirements of their county. The County Treasurer in office during FY2023 neither possessed these skills nor ensured the skills were obtained from outside or other sources.

**Effect:**

The noted accounting deficiencies resulted in the County not having current and accurate accounting information available for both internal and external reporting needs, neither as the year progressed, nor for the regularly scheduled year-end financial audit. Without this information the County did not have access to useable information for the County's internal financial management needs related to budget creation for upcoming fiscal year or year-to-date budget-to-actual information for reliable monitoring of financial progress during the year. In addition, the number of required corrections applied by the audit firm encroached on the audit firm's ability to remain independent from the County.

**Recommendation:**

We have noted the change in Treasurer for the County and it appears the Treasurer's Office is already showing substantial improvement. We recommend the new Treasurer and her new Deputy continue to learn their roles, receive as much training as possible, and network with other County Treasurers to ensure their continued success.

**Current Status:**

A finding was reported again on the topic of Accounting and Financial Reporting for the year ended September 30, 2024.

2023-002 Grant Reimbursement Claiming Procedures (Material Weakness)

**Criteria:**

The state and federal governments structure most grant awards as cost-reimbursement grants whereby a grant must first be expended by an organization using its own funds and then those funds will be reimbursed to the organization later after qualifying claim requests are submitted to the grantor.



TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Prior year financial statement findings as required to be restated with current status: (Continued)**

2023-002 Grant Reimbursement Claiming Procedures (Material Weakness) (continued)

Condition Found:

During the audit it was noted the County lost potential funding from the Operation Lone Star grant due to inaccurate claims being filed with the Office of the Governor and simply lack of timely submission of claims. Expenditures present on the Operation Lone Star grant ledgers partially spanning FY2022 and into FY2023 were underclaimed by approximately \$323,000. As it appears these expenditures are no longer eligible to be reimbursed to the County, this amount was required to be covered through the County's local General Fund resources.

Cause:

Deficiencies in the County's grants accounting and grant claiming procedures led to grant claiming errors or simply lack of knowledge of amounts to claim for reimbursement.

Effect:

A significant amount of money spent with the original anticipation of being covered by the Operation Lone Star grant ultimately had to be covered using the already limited local funds of the County.

Recommendation:

The County should set a schedule to claim grant funds regularly (weekly or monthly) and base all claims from expenditure information obtained from the accounting ledgers of the grant funds.

Current Status:

This condition was not noted for the year ended September 30, 2024.

2023-003 Investment Management (Material Weakness)

Criteria:

County governments are frequently responsible for overseeing and managing their own investments in addition to funds held for others on a custodial basis.

Condition Found:

During the audit we noted a significant amount of funds within the Permanent School Fund managed by the County Treasurer were not being quickly reinvested after a given investment matured. These noted investments mature into a non-interest bearing checking account which is intended as only a temporarily holding account until the funds are reinvested by the County Treasurer.

Cause:

Improper monitoring of investment maturities and overall investment balances during the year by the County Treasurer.

Effect:

Assuming these funds if invested at the prevalent CD rates during FY2023 of 4% to 5%, the Permanent School Fund missed the opportunity to earn an approximate \$100,000 in additional investment earnings.

TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Prior year financial statement findings as required to be restated with current status: (Continued)**

2023-003 Investment Management (Material Weakness) (continued)

Recommendation:

We recommend an investments maturing schedule be developed and maintained by the County Treasurer and replacement investments are arranged in advance so as to minimize the amount of time all investable money is held in non-interest bearing accounts.

Current Status:

A finding was reported again on the topic of Investment Management for the year ended September 30, 2024.

2023-004 Negative Fund Balance in the General Fund (Material Non-Compliance)

Criteria:

Governmental entities in Texas are required under state law to maintain a positive fund balance within their General Fund.

Condition Found:

As of September 30, 2023, the County's General Fund reported a negative fund balance of (\$167,579).

Cause:

This condition was caused by significantly reduced property tax revenues during the year and write-downs of receivables related to the Operation Lone Star grant during the year.

Effect:

The effect of the negative ending fund balance is noncompliance with state law regarding fund balance of the General Fund.

Recommendation:

We recommend the County take steps to remedy this situation as soon as possible.

Current Status:

A finding was reported again in regards to negative fund balance in the General Fund for the year ended September 30, 2024.

2023-005 Budgetary Compliance (Material Non-Compliance)

Criteria:

As a financial control, each year the County adopts an expenditures budget by law which places legal limits on the amount of expenditures that can be made from various departmental line items by the County. As a year progresses, if unanticipated expenditures arise, the Commissioners may approve amendments to the originally adopted budget to accommodate higher expenditure needs in a given department.

Condition Found:

As of year-end, the General Fund budgetary schedule reported a budgetary overage in the Public Safety line in the amount of \$123,998, reflecting a 27% over-expenditure.

TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Prior year financial statement findings as required to be restated with current status: (Continued)**

2023-005    Budgetary Compliance (Material Non-Compliance) (continued)

**Cause:**

During the year the General Fund was required to absorb certain costs related to the Operation Lone Star grant which were not claimed timely. These costs were charged to the Public Safety line item of the General Fund budget.

**Effect:**

The effect is the County has not complied with the legally adopted expenditures budget and actual expenditures made were more than anticipated.

**Recommendation:**

We recommend the Treasurer's Office generate budget-to-actual reports on a regular basis (monthly or quarterly) and bring needed budget amendments to the Commissioners Court to consider for approval when it appears that actual amounts may soon exceed budget for a given budgetary function.

**Current Status:**

A budgetary overage finding was reported again for the year ended September 30, 2024.



TERRELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**SECTION III – FEDERAL & STATE AWARDS FINDINGS AND QUESTIONED COSTS**

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the year ended September 30, 2024.

Findings Related to Federal & State Awards Which are Required to be Reported in Accordance with Federal Uniform Guidance or TxGMS:

**2024-006 State Bid Law Non-Compliance (State Award Finding) (Material Non-Compliance)**

**Criteria:**

In order to ensure the best possible purchasing terms are secured for large-dollar purchases, Texas state purchasing law requires contracts for goods or services valued at \$50,000 or more be made through competitive purchasing methods, such as advertising the purchasing needs publicly and accepting bids from interested vendors, or by purchasing through state cooperatives that have already bid contracts for commonly needed items by governmental entities in advance.

**Condition Found:**

Review of expenditures made with Operation Lone Star funds during the year showed that the following items exceeded the \$50,000 threshold, but were not purchased through competitive means:

<u>Item</u>	<u>Cost</u>	<u>Vendor</u>
2024 CFMOTO UTV's (2)	\$66,646	Family Power Sports
2023 Ford F-150's, w/Emergency Packages (3)	254,838	Dana Safety Supply
2024 Ford PD Explorers, w/ Emergency Packages (2)	161,924	Dana Safety Supply
2024 Polaris Ranger XP1000's (2)	70,987	Family Power Sports
2024 Chevy Silverado C1500, w/Accessories	73,366	Amistad Motors
2025 River Raptor Recon 2060 HP Boat	82,953	Raptor Design & Engineering

**Cause:**

The County officials that made the listed purchases misinterpreted state purchasing law and believed only quotes were required to be obtained for these purchases.

**Effect:**

The effect of this condition is the County did not comply with state purchasing law for the items listed.

**Recommendation:**

We recommend all County officials with purchasing authority be made aware of the state purchasing law requiring contracts valued at \$50,000 or more be made through competitive purchasing means.

Contact Person: Pamela Blaylock, County Treasurer

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the year ended September 30, 2023.

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Terrell County Treasurer

P. O. Box 380 / 105 E Hackberry St.  
Sanderson, TX 79848

Phone (432) 345-2992  
Fax (432) 345-2993

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**Current Year Audit Findings:**

2024-001 Accounting and Financial Reporting – Excessive Audit Adjustments (Material Weakness)

**Corrective Action Planned:**

We have already started to fix the way we do our JE's to improve our accountability.

Anticipated Completion Date: End of FY25

Contact Person(s): Pamela Blaylock

2024-002 Investment Management Practices (Significant Deficiency)

**Corrective Action Planned:**

This was a problem due to the Treasurer being locked out of all investment accounts due to signature cards being updated. Since then, the Treasurer receives a call and an email from Hilltop and Frost Bank the day before an investment hits to look at options and get paperwork ready to go so the money is out within 24 hours.

Anticipated Completion Date: Completed

Contact Person(s): Pamela Blaylock

2024-003 Sales Tax Paid

**Corrective Action Planned:**

We have contracted the contractor for the request of the sales tax as well as other services who charge the tax.

Anticipated Completion Date: End of July 2025

Contact Person(s): Pamela Blaylock

2024-004 Negative Fund Balance – General Fund (Material Non-Compliance)

**Corrective Action Planned:**

Working with Commissioners Court on the budget to help correct this.

Anticipated Completion Date: August 2025

Contact Person(s): Pamela Blaylock

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2024-005 Budgetary Non-Compliance (Material Non-Compliance)

Corrective Action Planned:

Budget-to-actual reports will be reviewed near the fiscal year end and needed budget amendments will be brought to Commissioners Court as needed for consideration and possible approval.

Anticipated Completion Date: End of September 2025

Contact Person(s): Pamela Blaylock

2024-006 State Bid Law Non-Compliance (Material Non-Compliance)

Corrective Action Planned:

This has already been addressed with the Sheriff's Department. And bids will be taken for all purchases over \$50,000.

Anticipated Completion Date: Completed

Contact Person(s): Pamela Blaylock

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