

YOUNG 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

To the Honorable County Judge
and County Commissioners
Young County, Texas

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Young County, Texas (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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Qualified
American Rescue Grant Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinions on Governmental Activities and the General Fund

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

Unmodified Opinions on the American Rescue Grant Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the American Rescue Grant Fund and the aggregate remaining fund information of the County, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 qualified and unmodified audit opinions.

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

As fully described in Note L to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2024 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, Schedule of Employer Contributions – Texas County and District Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios – Young County Retiree Health Care Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated January 28, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
January 28, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Young County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2024 by \$34,549,900 (net position). Of this amount, \$13,860,776 is unrestricted and may be used to meet the County's obligations.
- During the year, the County's total net position increased by \$4,443,834. The County's expenses, which totaled \$13,762,880, were less than the County's program revenues of \$5,513,026 and general revenues of \$12,693,688.
- The total cost of the County's programs increased \$22,018 or less than 1% from the prior year.
- The governmental funds reported a fund balance at September 30, 2024 of \$14,281,655, which is an increase of \$2,277,144 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$11,761,144, or 73% of the total General Fund expenditures for the year ended September 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Internal service fund. The County's health insurance plan is accounted for as an internal service fund.

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

Notes to the Basic Financial Statements

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

Other Information

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

Government-wide Financial Analysis

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

Table 1 - County's Net Position

	Governmental Activities			
	2024	2023	Change	% Change
Current assets	\$ 16,722,323	\$ 15,035,248	\$ 1,687,075	11%
Long-term assets	21,819,394	18,893,094	2,926,300	15%
Total Assets	38,541,717	33,928,342	4,613,375	14%
Deferred Outflows of Resources	494,608	895,452	(400,844)	-45%
Current liabilities	1,744,995	2,356,917	(611,922)	-26%
Noncurrent liabilities	2,706,645	2,278,782	427,863	19%
Total Liabilities	4,451,640	4,635,699	(184,059)	-4%
Deferred Inflows of Resources	34,785	82,029	(47,244)	-58%
Net position:				
Net investment in capital assets	18,391,228	16,994,039	1,397,189	8%
Restricted	2,297,896	1,396,175	901,721	65%
Unrestricted	13,860,776	11,715,852	2,144,924	18%
Total Net Position	\$ 34,549,900	\$ 30,106,066	\$ 4,443,834	15%

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$18,391,228. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$2,297,896, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$13,860,776 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were \$18,206,714. A significant portion, 50%, of the County's revenue comes from property taxes. Charges for services accounted for 18% of the County's revenue. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2024 and 2023 for the County's *governmental activities*.

Table 2 - County's Revenues

	Governmental Activities			
	2024	Percent	2023	Percent
Charges for services	\$ 3,327,594	18%	\$ 3,259,877	22%
Operating grants and contributions	973,088	5%	536,008	4%
Capital grants and contributions	1,212,344	7%	630,126	4%
Property taxes	8,913,049	50%	8,218,395	54%
Sales taxes	1,681,441	9%	1,706,358	11%
Occupancy taxes	77,492	0%	83,528	1%
Mixed beverage taxes	31,795	0%	37,634	0%
Investment earnings	632,886	3%	393,971	3%
Section 312 revenues	1,211,560	7%	-	0%
Miscellaneous	145,465	1%	87,196	1%
Total Revenues	\$ 18,206,714	100%	\$ 14,953,093	100%

A brief summary of the significant changes between years are as follows:

- Operating grants and contributions increased \$437,080 due to new Senate Bill (SB) 22 grants, offset slightly by loss of the CTIF grant.
- Capital grants and contributions increased \$582,218 due to spending ARPA grant on capital related expenditures.
- Section 312 revenues increased \$1,211,560 due to receiving the first of two Section 312 tax abatement payments in the current year.

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2024 and 2023 for the County's *governmental activities*. The total cost of all programs and services was \$13,762,880 and \$13,740,862 for the years ended September 30, 2024 and 2023, respectively.

Table 3 - County's Expenses

	Governmental Activities			
	2024	Percent	2023	Percent
County Judge	\$ 150,007	1%	\$ 166,966	1%
County Clerk	262,818	2%	273,565	2%
Veteran service	24,959	0%	25,603	0%
Homeland security	15,644	0%	20,529	0%
Nondepartmental costs	649,006	4%	309,624	2%
Computer department	110,094	1%	97,475	1%
County/District court	498,137	3%	339,113	2%
District Clerk	225,904	2%	205,711	1%
Justices of the Peace	368,527	3%	378,418	3%
District Judge	72,668	1%	71,162	1%
County Attorney	280,059	2%	273,433	2%
District Attorney	501,944	4%	348,764	3%
Elections	240,969	2%	247,177	2%
County Auditor	235,742	2%	239,610	2%
County Treasurer	160,828	1%	158,130	1%
Tax Assessor/Collector	541,193	4%	490,819	4%
Courthouse maintenance	273,273	2%	244,037	2%
Annex maintenance	20,413	0%	20,452	0%
Ambulance	244,000	2%	244,000	2%
Constables	83,997	1%	90,830	1%
Department of Public Safety and Game Warden	6,446	0%	6,487	0%
Sheriff, dispatch and jail	3,616,202	25%	3,695,105	24%
911 mapping	68,998	1%	70,056	1%
Adult probation	467,547	3%	517,676	4%
Juvenile probation	725,635	5%	646,691	5%
Pauper services	9,750	0%	10,300	0%
Fort Belknap	147,657	1%	139,190	1%
Agricultural extension agent	37,299	0%	32,853	0%
Home extension agent	29,945	0%	30,807	0%
TAEX office	83,763	1%	69,317	1%
Employee benefits	73,124	1%	78,866	1%
District court reporter	132,940	1%	121,050	1%
Road and bridge	2,759,217	20%	3,536,266	26%
Library expense	10,462	0%	9,869	0%
Hospital and medical costs	178,305	1%	219,998	2%
Medical administrative costs	108,000	1%	80,619	1%
Preservation of books	11,382	0%	4,447	0%
ARPA	263,864	2%	166,093	1%
Debt service - interest	72,162	1%	59,754	0%
Total Expenses	\$ 13,762,880	100%	\$ 13,740,862	100%

The only significant variances were for road and bridge, and nondepartmental costs. Road and bridge expenses decreased \$777,049 due to no more CTIF grant expenditures and decreased projects between years from a large road project being contracted in the prior year. Nondepartmental costs increased \$339,382 mostly due to no longer allocating insurance costs to all departments. There were also additional costs for shared Young County Arena operating costs and County and District Clerks archive projects in the current year.

Governmental Activities

Table 4 presents the various revenue categories and gross costs of the County for both the current and prior year.

Table 4 - Changes in Net Position

	Governmental Activities			
	2024	2023	\$ Change	% Change
Revenues:				
Program revenues	\$ 5,513,026	\$ 4,426,011	\$ 1,087,015	25%
General revenues	12,693,688	10,527,082	2,166,606	21%
Total revenues	18,206,714	14,953,093	3,253,621	22%
Expenses	13,762,880	13,740,862	22,018	0%
Special item - gain on sale of capital asset	-	60,893	(60,893)	-100%
Prior period adjustment	-	55,263	(55,263)	-100%
Change in net position	<u>\$ 4,443,834</u>	<u>\$ 1,328,387</u>	<u>\$ 3,115,447</u>	<u>235%</u>

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

Table 5 - Net Cost of Selected County Departments/Functions

	Governmental Activities			
	2024	Percent	2023	Percent
County Judge	\$ 124,807	2%	\$ 141,766	2%
County Clerk	(30,319)	0%	(51,693)	-1%
District/County court	447,144	5%	297,729	3%
Justices of the Peace	263,368	3%	263,609	3%
County Attorney	216,103	3%	234,933	3%
District Attorney	173,876	2%	209,248	2%
Tax Assessor/Collector	(243,824)	-3%	(298,265)	-3%
Sheriff, dispatch and jail	2,366,479	29%	2,930,004	31%
Road and bridge	2,685,874	33%	3,266,958	35%

Financial Analysis of the County's Funds

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

Governmental Funds

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

As of September 30, 2024, the County's governmental funds reported a combined ending fund balance of \$14,281,655, an increase of \$2,277,144 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
September 30, 2024**

	General Fund	American Rescue Grant Fund	Nonmajor Funds	Totals
Nonspendable:				
Prepays	\$ 123,956	\$ -	\$ -	\$ 123,956
Restricted for:				
Federal funds grant restrictions	-	88,342	-	88,342
Special assessments	-	-	1,339,213	1,339,213
Assigned	969,000	-	-	969,000
Unassigned	11,761,144	-	-	11,761,144
Total Fund Balances	\$ 12,854,100	\$ 88,342	\$ 1,339,213	\$ 14,281,655

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$12,854,100, of which \$123,956 was nonspendable, \$969,000 was assigned, and \$11,761,144 was unassigned. The total unassigned fund balance represents 73% of the total General Fund expenditures for the year ended September 30, 2024. The total fund balance increased \$2,222,492 in the current fiscal year.

General Fund revenues totaled \$16,450,252, an increase of \$2,515,353 or 18% over the preceding year. The revenue categories with significant changes between years were as follows:

- Other governmental reimbursements increased \$463,849 or 35%. The increase is due to increased services and a change in reporting for a portion of inmate housing revenues that was previously reported in other revenue.
- Federal and state grants increased \$332,871 or 91%. The increase is mainly due to new SB 22 grants and slightly offset by loss of the CTIF grant.
- Section 312 revenues increased \$1,211,560 from zero due to the receipt of the first of two Section 212 tax abatement payments in the current fiscal year.
- Interest earned revenue increased \$242,638 or 73%. The increase is due to an increase in interest rates during the year and higher amounts invested than the prior year.
- Other revenue decreased \$341,460 or 71%. The decrease is due to a reclass of inmate housing fees to other governmental reimbursement fees mentioned above.

General Fund expenditures totaled \$16,041,149, an increase of \$2,621,771 or 20% over the preceding year. The expenditure categories with significant changes between years were as follows:

- Nondepartmental costs increased \$197,804 or 102%. The increase is mostly due to no longer allocating insurance costs to all departments.
- County/District court increased \$143,457 or 43%. The increase is due to large costs for court reporter fees from appellate court recordings and increased pay to court appointed attorneys.
- District attorney increased \$203,026 or 58%. The increase is due to SB 22 increasing the pay for all staff.

- Road and bridge decreased \$503,058 or 18%. The decrease is mostly due to no CTIF grant expenditures and a decrease in R&B projects from the prior year.
- Capital outlay expenditures increased \$1,847,661 or 249%. The increase is due to more capital acquisitions in the current year, particularly in the Sheriff and R&B departments.
- Debt service – principal increased \$168,670 or 37%. The increase is due to additional payments from the issuance of debt in the current year.

General Fund other sources and uses totaled \$1,813,389 of other sources compared to \$181,516 of other uses in the prior year. This is mostly due to the net of additional transfers out to the debt service fund to pay off interest and sinking bonded debt in the prior year and proceeds from new capital leases and notes payable issued in the current year.

American Rescue Grant Fund

The American Rescue Grant fund consists of the federal COVID-19 relief American Rescue Grant. The total ending fund balance was \$88,342, an increase of \$37,114 from the previous year. The fund revenues increased \$670,152 or 79%. Most of the increase, \$679,989, was federal and state grants due to an increase in ARPA funds recognized in the current year from increased spending. The fund expenditures equally increased \$679,989 or 85% from the increase in expended funds. The significant changes in functional expenditure categories were due to more funds expended, mainly for capital outlay but also on general ARPA expenditures.

Nonmajor Funds

Nonmajor funds consist of the various special revenue funds and the debt service fund. The total ending fund balance was \$1,339,213, an increase of \$17,538 from the previous year.

The Nonmajor Funds' revenues totaled \$208,725, an increase of \$25,860 or 14%. The total change is not significant, and there were no revenue categories with a significant change.

The Nonmajor Funds' expenditures totaled \$178,486, a decrease of \$658,490 or 79%. The only expenditure categories with significant changes were nondepartmental costs and debt service – principal. Nondepartmental costs increased \$101,564 or 346% due to increased County and District Clerk achieve and records management costs. Debt service – principal decreased \$770,000 or 100% due to the pay off of bonded debt in the previous year.

The nonmajor funds' other sources and uses totaled \$12,701 of other uses compared to \$735,243 of other sources in the prior year. The decrease is due to transfers from the general fund to the debt service fund to pay off interest and sinking bonded debt in the prior year, and no transfer in the current year since the debt was paid.

General Fund Budgetary Highlights

The County did not make any budget amendments during the year. Total expenditures were \$13,786 more than the final budget amounts. Most functional areas were below their budget; however, twelve departments had over-expended budgets ranging from \$230 to \$1,602,903. The budget areas where expenditures were significantly above or below the final budgeted amount are as follows:

- Nondepartmental costs – under-expended by \$356,524
- Courthouse maintenance – under-expended by \$283,799
- Sheriff, dispatch and jail – under-expended by \$577,457

- Road and bridge – under-expended by \$422,383
- Capital outlay – over-expended by \$1,602,903
- Debt service – principal – over-expended by \$245,880

On the other hand, revenues were \$1,402,573 above the final budgeted amount. All of the revenues fell within normal variance above and below budgeted levels, except as follows:

- Property taxes – favorable budget variance of \$1,215,205
- Federal and state grants – unfavorable budget variance of \$200,877
- Interest earned – favorable budget variance of \$315,844

In all instances, the County failed to amend the budget for changes in the revenues and expenditures based on known facts during the fiscal year.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2024, the County had invested in a broad range of capital assets totaling \$20,949,053, net of accumulated depreciation, including land, buildings, equipment, infrastructure, construction in progress, and leased equipment and software. See Table 7 below.

Table 7 - Capital Assets, Net

	2024	2023	\$ Change	% Change
Land	\$ 946,452	\$ 828,382	\$ 118,070	14%
Buildings and improvements	11,925,963	11,192,239	733,724	7%
Machinery and equipment	5,971,701	4,940,684	1,031,017	21%
Infrastructure	1,626,791	1,729,938	(103,147)	-6%
Right-to-use leased equipment	336,594	100,768	235,826	234%
SBITA assets	35,602	74,440	(38,838)	52%
Construction in progress	105,950	26,643	79,307	298%
Totals	<u>\$ 20,949,053</u>	<u>\$ 18,893,094</u>	<u>\$ 2,055,959</u>	<u>11%</u>

Capital assets, net of accumulated depreciation, increased \$2,055,959 or 11% from the previous year. Additional information about the County’s capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2024, the County had \$2,557,825 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Notes payable	2,240,059	1,739,257	500,802	29%
Right-to-use lease liabilities	288,051	101,783	186,268	183%
SBITA liabilities	29,715	58,015	(28,300)	-49%
Totals	<u>\$ 2,557,825</u>	<u>\$ 1,899,055</u>	<u>\$ 658,770</u>	<u>35%</u>

Total long-term obligations increased \$658,770 or 35%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2024-25 budget preparation is \$1,379,829,164, an increase of \$45,486,486, or 3% from the prior year taxable values. The overall tax rate adopted is \$.586353 per \$100 valuation, a decrease of \$.001287 per \$100 valuation.

General Fund revenues budgeted for 2024-25 are \$16,162,064, an decrease of \$288,188, or 2% from the final 2023-24 revenues of \$16,450,252.

General Fund expenditures budgeted for 2024-25 are \$17,131,064, an increase of \$1,089,915 or 7% from the final 2023-24 expenditures of \$16,041,149. Most of the increase relates to general cost increases across most departments and conservative budgeting in 2024-25. The County does not anticipate any new programs or projects being added in 2024-25.

The other sources and uses are budgeted to be less than the prior year actual amounts as the County is not budgeting any new lease proceeds or sales of capital assets in 2024-25.

If these estimates are realized, the County's General Fund's fund balance will decrease \$969,000 by September 30, 2025.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>
Assets	
Cash	\$ 11,727,728
Investments	3,795,021
Receivables:	
Property taxes, net	382,323
Sales taxes	281,557
Accounts	340,351
Due from fiduciary	71,387
Prepaid expenses	123,956
Capital assets not being depreciated	1,052,402
Capital assets being depreciated, net	19,896,651
Net pension asset	870,341
Total assets	<u>38,541,717</u>
Deferred Outflows of Resources	
Pension plan related	483,261
OPEB plan related	11,347
Total deferred outflows of resources	<u>494,608</u>
Liabilities	
Accounts payable	287,727
Accrued liabilities	307,370
Unearned revenues	1,149,898
Long-term liabilities:	
Due within one year	689,059
Due in more than one year	1,956,667
Total OPEB liability	60,919
Total liabilities	<u>4,451,640</u>
Deferred Inflows of Resources	
Pension plan related	893
OPEB plan related	33,892
Total deferred inflows of resources	<u>34,785</u>
Net Position	
Net investment in capital assets	18,391,228
Restricted	2,297,896
Unrestricted	13,860,776
Total net position	<u>\$ 34,549,900</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Changes in Net Position
					Governmental Activities
Governmental Activities:					
County Judge	\$ 150,007	\$ -	\$ 25,200	\$ -	\$ (124,807)
County Clerk	262,818	293,137	-	-	30,319
Veteran service	24,959	-	-	-	(24,959)
Homeland security	15,844	-	-	-	(15,844)
Nondepartmental costs	649,006	19,826	10,008	-	(619,172)
Computer department	110,094	-	-	-	(110,094)
County/District court	498,137	50,993	-	-	(447,144)
District Clerk	225,904	145,590	-	-	(80,314)
Justices of the Peace	368,527	105,159	-	-	(263,368)
District Judge	72,668	44,411	-	-	(28,257)
County Attorney	280,059	-	63,956	-	(216,103)
District Attorney	501,944	143,042	185,026	-	(173,876)
Elections	240,969	-	-	-	(240,969)
County Auditor	235,742	-	-	-	(235,742)
County Treasurer	160,828	-	-	-	(160,828)
Tax Assessor/Collector	541,193	785,017	-	-	243,824
Courthouse maintenance	273,273	-	-	-	(273,273)
Annex maintenance	20,413	-	-	-	(20,413)
Ambulance	244,000	-	-	-	(244,000)
Constables	83,997	12,044	3,333	-	(68,620)
Department of Public Safety and Game Warden	6,446	-	-	-	(6,446)
Sheriff, dispatch and jail	3,616,202	901,365	348,368	-	(2,366,479)
911 mapping	68,998	-	-	-	(68,998)
Adult probation	467,547	482,333	-	-	14,786
Juvenile probation	725,635	344,377	-	-	(381,258)
Pauper services	9,750	-	-	-	(9,750)
Fort Belknap	147,657	300	-	-	(147,357)
Agricultural extension agent	37,299	-	-	-	(37,299)
Home extension agent	29,945	-	-	-	(29,945)
TAEX office	83,763	-	-	-	(83,763)
Employee benefits	73,124	-	-	-	(73,124)
District court reporter	132,940	-	-	-	(132,940)
Road and bridge	2,759,217	-	73,343	-	(2,685,874)
Library expense	10,462	-	-	-	(10,462)
Hospital and medical costs	178,305	-	-	-	(178,305)
Medical administrative costs	108,000	-	-	-	(108,000)
Preservation of books	11,382	-	-	-	(11,382)
ARPA	263,864	-	263,864	1,212,344	1,212,344
Debt service - interest	72,162	-	-	-	(72,162)
Total governmental activities	\$ 13,762,880	\$ 3,327,594	\$ 973,088	\$ 1,212,344	(8,249,854)
General revenues:					
Property taxes, levied for general purposes					8,913,049
Sales taxes					1,681,441
Occupancy taxes					77,492
Mixed beverage taxes					31,795
Investment earnings					632,886
Section 312 revenues					1,211,560
Miscellaneous					145,465
Total general revenues					12,693,688
Change in net position					4,443,834
Net position - beginning					30,106,066
Net position - ending					\$ 34,549,900

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	American Rescue Grant Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash	\$ 9,392,880	\$ 637,177	\$ 1,325,238	\$ 11,355,295
Investments	3,795,021	-	-	3,795,021
Receivables, net:				
Property taxes	382,155	-	168	382,323
Sales tax	281,557	-	-	281,557
Other	336,394	-	3,957	340,351
Due from other funds	89,997	-	11,070	101,067
Prepaid expenses	123,956	-	-	123,956
Total assets	<u>\$ 14,401,960</u>	<u>\$ 637,177</u>	<u>\$ 1,340,433</u>	<u>\$ 16,379,570</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 201,010	\$ 85,665	\$ 1,052	\$ 287,727
Accrued liabilities	248,287	-	-	248,287
Due to other funds	29,680	-	-	29,680
Unearned revenues	686,728	463,170	-	1,149,898
Total liabilities	<u>1,165,705</u>	<u>548,835</u>	<u>1,052</u>	<u>1,715,592</u>
Deferred inflows of resources:				
Unavailable property taxes	382,155	-	168	382,323
Fund balances:				
Nonspendable - prepaids	123,956	-	-	123,956
Restricted	-	88,342	1,339,213	1,427,555
Assigned	969,000	-	-	969,000
Unassigned	11,761,144	-	-	11,761,144
Total fund balances	<u>12,854,100</u>	<u>88,342</u>	<u>1,339,213</u>	<u>14,281,655</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,401,960</u>	<u>\$ 637,177</u>	<u>\$ 1,340,433</u>	<u>\$ 16,379,570</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds (Exhibit A-3) \$ 14,281,655

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

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

Gross capital assets	\$ 34,860,344	
Related accumulated depreciation	<u>13,911,291</u>	20,949,053

Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		382,323
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Notes payable	2,240,059	
Right-to-use leases payable	288,051	
SBITA liabilities	29,715	
Compensated absences liability	<u>87,901</u>	(2,645,726)

The accrued interest on the long-term debt at year-end was:		(59,083)
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The County's net pension liability and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System and the OPEB liability related to the County-provided retiree medical coverage do not meet the criteria to be reported in the governmental funds financial statements. These items consist of:

Deferred outflows - pension related items	483,261	
Deferred outflows - OPEB items	11,347	
Deferred inflows - pension related items	(893)	
Deferred inflows - OPEB items	(33,892)	
Net pension asset	870,341	
Total OPEB liability	<u>(60,919)</u>	1,269,245

The County uses an internal service fund to operate the County's health insurance program for all eligible employees and retirees of the County. The assets and liabilities are included in the governmental activities in the statement of net position.

The net effect of this consolidation is to increase net position.		<u>372,433</u>
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Total net position - governmental activities (Exhibit A-1)		<u><u>\$ 34,549,900</u></u>
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The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Grant Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 8,881,899	\$ -	\$ 5,491	\$ 8,887,390
Sales taxes	1,681,441	-	-	1,681,441
Occupancy taxes	77,492	-	-	77,492
Mixed beverage tax	31,795	-	-	31,795
Licenses, fees and fines	685,431	-	168,058	853,489
Other governmental reimbursements	1,773,926	-	-	1,773,926
Auto registration	501,196	-	-	501,196
Surtax on auto registration	192,950	-	-	192,950
Federal and state grants	698,823	1,476,208	10,401	2,185,432
Section 312 revenues	1,211,560	-	-	1,211,560
Interest earned	576,444	37,114	10,572	624,130
Other revenue	137,295	-	14,203	151,498
Total revenues	16,450,252	1,513,322	208,725	18,172,299
Expenditures				
County Judge	166,931	-	-	166,931
County Clerk	284,370	-	-	284,370
Veteran service	27,751	-	-	27,751
Homeland security	16,183	-	-	16,183
Nondepartmental costs	390,869	-	130,902	521,771
Computer department	110,957	-	-	110,957
County/District court	476,495	-	22,608	499,103
District Clerk	246,542	-	-	246,542
Justices of the Peace	401,336	-	166	401,502
District Judge	93,470	-	-	93,470
County Attorney	306,677	-	-	306,677
District Attorney	552,368	-	-	552,368
Elections	179,999	-	-	179,999
County Auditor	257,339	-	-	257,339
County Treasurer	173,776	-	-	173,776
Tax Assessor/Collector	568,525	-	-	568,525
Courthouse maintenance	283,589	-	-	283,589
Annex maintenance	21,030	-	-	21,030
Ambulance	244,000	-	-	244,000
Constables	86,628	-	459	87,087
Department of Public Safety and Game Warden	6,446	-	-	6,446
Sheriff, dispatch and jail	3,459,287	-	2,507	3,461,794
911 mapping	74,145	-	-	74,145
Adult probation	521,897	-	-	521,897
Juvenile probation	755,564	-	-	755,564
Pauper services	9,750	-	-	9,750
Fort Belknap	141,462	-	-	141,462
Agricultural extension agent	37,299	-	-	37,299
Home extension agent	29,945	-	-	29,945
TAEX office	89,755	-	-	89,755
Employee benefits	73,124	-	-	73,124
District court reporter	133,137	-	-	133,137
Road and bridge	2,274,808	-	-	2,274,808
Library expense	-	-	10,462	10,462

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Grant Fund	Nonmajor Funds	Total Governmental Funds
Hospital and medical costs	178,305	-	-	178,305
Medical administrative costs	108,000	-	-	108,000
Preservation of books	-	-	11,382	11,382
ARPA	-	263,864	-	263,864
Capital outlay	2,589,330	1,212,344	-	3,801,674
Debt service - principal	628,930	-	-	628,930
Debt service - interest	41,130	-	-	41,130
Total expenditures	<u>16,041,149</u>	<u>1,476,208</u>	<u>178,486</u>	<u>17,695,843</u>
Excess of revenues over (under) expenditures	<u>409,103</u>	<u>37,114</u>	<u>30,239</u>	<u>476,456</u>
Other sources and (uses):				
Issuance of debt	1,665,162	-	-	1,665,162
Proceeds from sale of capital assets	135,526	-	-	135,526
Transfers in	3,214,089	-	-	3,214,089
Transfers out	<u>(3,201,388)</u>	<u>-</u>	<u>(12,701)</u>	<u>(3,214,089)</u>
Total other sources and (uses)	<u>1,813,389</u>	<u>-</u>	<u>(12,701)</u>	<u>1,800,688</u>
Net change in fund balances	2,222,492	37,114	17,538	2,277,144
Fund balances, beginning of year	10,631,608	51,228	1,321,675	12,004,511
Fund balances, end of year	<u>\$ 12,854,100</u>	<u>\$ 88,342</u>	<u>\$ 1,339,213</u>	<u>\$ 14,281,655</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds (Exhibit A-5)		\$ 2,277,144
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 4,548,376	
Depreciation expense for the year	<u>1,301,142</u>	3,247,234
The net book value of the capital assets disposed of during the year are not recorded in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale. The net book value of the capital assets disposed of during the year was:		(1,191,275)
Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources increased by this amount:		25,659
The issuance of long-term debt is recorded as other sources in the governmental funds; however, they are recorded as long-term liabilities in the government-wide financial statements. The County issued capital leases during the year as follows:		
Notes payable	1,394,727	
Right-to-use leases payable	<u>270,435</u>	(1,665,162)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:		
Notes payable	893,925	
Right-to-use leases payable	84,167	
SBITA liabilities payable	<u>28,300</u>	1,006,392
Included in long-term debt are obligations for accrued vacation leave. The changes in these these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was:		(6,407)
The change in accrued interest on long-term debt was:		(31,032)
The County uses an internal service fund to operate the County health insurance program for the benefit of all eligible employees and retirees. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is an increase in net position.		27,226
The net other post-employment benefit obligation is related to the County's retiree health care plan. The actuarial expense was less than the plan contributions in the current year.		(2,302)
The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. The plan contributions exceeded the actuarial expense in the current year.		<u>756,357</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ 4,443,834</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2024

	Insurance Fund
Assets	
Cash	\$ 372,433
Total assets	<u>372,433</u>
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net Position	
Unrestricted	372,433
Total net position	<u>\$ 372,433</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Insurance Fund
Operating revenues:	
Charges for services	\$ 1,137,661
Operating expenses:	
Insurance premiums and claims	<u>1,119,191</u>
Income from operations	18,470
Non-operating income:	
Interest income	<u>8,756</u>
Change in net position	27,226
Total net position - beginning	<u>345,207</u>
Total net position - ending	<u><u>\$ 372,433</u></u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Insurance Fund
Cash flows from operating activities	
Cash received for health insurance coverage	\$ 1,137,661
Cash paid to insurance provider	(1,119,191)
Net cash provided by operating activities	<u>18,470</u>
Cash flows from Investing activities	
Interest earnings	<u>8,756</u>
Net increase in cash and cash equivalents	27,226
Cash and cash equivalents at beginning of the year	345,207
Cash and cash equivalents at end of the year	<u>\$ 372,433</u>
Reconciliation of income from operations to net cash provided by operating activities:	
Operating income	\$ 18,470
Effect of change in current assets and liabilities:	
Decrease in accounts payable	-
Net cash provided by operating activities	<u>\$ 18,470</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

	<u>Custodial Funds</u>
Assets	
Cash	\$ 1,298,397
Investments	144,813
Due from other funds	18,285
Total assets	<u>1,461,495</u>
Liabilities	
Due to other funds	89,672
Due to others	476,906
Total liabilities	<u>566,578</u>
Net Position	
Restricted for other purposes	894,917
Total net position	<u>\$ 894,917</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

	<u>Custodial Funds</u>
Additions	
Criminal Justice	\$ 274,059
Sheriff's Department	383,257
Tax Assessor Collector	8,582,572
County Clerk	199,410
District Clerk	552,620
County and District Attorneys	189,953
Justices of the Peace	195,150
Miscellaneous	47,535
Total additions	<u>10,424,556</u>
Deductions	
Criminal Justice	255,438
Sheriff's Department	323,012
Tax Assessor Collector	8,582,572
County Clerk	199,410
District Clerk	517,561
County and District Attorneys	146,005
Justices of the Peace	195,150
Miscellaneous	37,733
Total deductions	<u>10,256,881</u>
Change in net position	167,675
Net position - beginning	<u>727,242</u>
Net position - ending	<u>\$ 894,917</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Young County (County), a political subdivision of the State of Texas, is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and ambulance service.

The accounting policies of the County conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standards setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

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

2. Government-wide and Fund Financial Statements

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

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. 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 soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, fines, fees and ambulance revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following internal service fund:

The *Insurance Fund* is used to account for the County's health insurance plan and related health reimbursement arrangement plan.

Additionally, the County reports the following fiduciary funds:

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

4. Assets, Liabilities, and Net Position or Equity

a. Deposits and Investments

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

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured by obligations that are described above; or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

All investments are stated at fair value which are based on quoted market prices.

b. Receivables and Payables

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

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

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Young County Appraisal District. Taxes are due without penalty until January 31 of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

c. Prepaid Items

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives are not capitalized.

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

Buildings and improvements	15 - 99 years
Machinery and equipment	3 - 20 years
Infrastructure	35 years
Right-to-use leased equipment	5 years
SBITA assets	3 years

6. Right-to-Use Leases

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

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

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

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

The lease term includes the noncancellable period of the lease.

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

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

7. Subscription-Based Information Technology Agreements (SBITAs)

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

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

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

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

The subscription term includes the noncancellable period of the SBITA.

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

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

8. Deferred Outflows/Inflows of Resources

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

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

(revenue) until that time. The County has items that qualify for reporting in this category. The amounts reported by the County in this category include amounts related to the County's participation in TCDRS as well as property taxes receivable that are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

9. **Compensated Absences**

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$87,901 of accrued vacation and compensated absences at September 30, 2024 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum of 240 hours of accumulated earned sick leave. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

10. **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts on long-term obligations are deferred and amortized over the life of the debt using the straight-line method which approximates the effective interest method. Long-term obligations payable is reported net of the applicable premium or discount. Issuance costs are expensed in the period the debt is issued.

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

11. **Fund Balances – Governmental Funds**

Fund balances of the governmental funds are classified as follows:

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

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself. At September 30, 2024, the assigned fund balance of \$969,000 represents the budgeted deficit for 2024-25 in the General Fund.

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

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

12. Transactions Between Funds

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

13. Use of Estimates

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

14. Pensions

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

15. Other Post-Employment Benefits

The fiduciary net position of the County's Retiree Health Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the County's Retiree Health Care Plan fiduciary net position.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go-plan and all cash is held in a cash account.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

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

The County had expenditures in excess of budget in the General Fund in twelve departments ranging from \$230 to \$1,602,903 and in total by \$13,786, and the America Rescue Grant Fund in one category by \$1,212,344. In the future, the County will be more diligent in making necessary budget adjustments to avoid unfavorable budget variances.

2. Deficit Fund Balance or Net Position of Individual Funds

The County has no funds with a deficit fund balance or net position.

C. DEPOSITS AND INVESTMENTS

1. Deposits

Deposits, except for those held in trust by the County Clerk, District Clerk and others, were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2024, the carrying amount of the County's deposits was \$14,520,916 and the balance per the bank was \$14,815,673. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$2,793,188.

The County Clerk, District Clerk and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2024 were \$1,443,210 and the balance per the bank was \$1,408,214. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$144,813.

2. Investments

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

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

The County's investments at September 30, 2024 are shown below:

<u>Investment or Investment Type</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Certificates of deposit	5.67	\$2,793,188
Texas CLASS investment pool	2.73	<u>1,001,833</u>
Total		<u>\$3,795,021</u>

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

The County values its certificates of deposit using Level 2 inputs based on statements from the depository financial institution. Texas Class is valued at net asset value per unit/share.

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City participates in the Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"). Texas CLASS was created as a local government investment pool pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust, Public Trust Advisors, LLC as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. Texas CLASS is overseen by the Board of Trustees,

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

comprised of active members of the pool and elected by the Participants and guided by an Advisory Board. Texas CLASS is rated AAAM by Standard and Poor's.

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

D. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government for the year ended September 30, 2024 was \$0.587674 per \$100 valuation. No tax was levied to service long-term debt for the year ended September 30, 2024.

Allowances for uncollectible tax receivables within the General Fund and Other Governmental Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2024, net property taxes receivable is calculated as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Gross property taxes receivable	\$573,354	\$248	\$573,602
Allowance for uncollectible taxes	(191,199)	(80)	(191,279)
Net property taxes receivable	<u>\$382,155</u>	<u>\$168</u>	<u>\$382,323</u>

Of the \$382,323 of net property taxes receivable at September 30, 2024, the County expects to collect approximately \$100,000 within a year. This is similar to the delinquent taxes received in previous years.

E. CAPITAL ASSETS

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

Governmental Activities:

	<u>Balance 10/1/2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclass</u>	<u>Balance 9/30/2025</u>
Capital assets not being depreciated:					
Land	\$ 828,382	\$ 118,070	\$ -	\$ -	\$ 946,452
Construction in progress	26,643	105,950	-	(26,643)	105,950
Total capital assets not being depreciated	<u>855,025</u>	<u>224,020</u>	<u>-</u>	<u>(26,643)</u>	<u>1,052,402</u>
Capital assets being depreciated:					
Buildings and improvements	17,098,621	1,006,724	-	26,643	18,131,988
Machinery and equipment	10,176,446	3,047,198	1,802,234	-	11,421,410
Infrastructure	3,762,163	-	-	-	3,762,163
Right-to-use leased equipment	105,432	270,434	-	-	375,866
SBITA assets	116,515	-	-	-	116,515
Total capital assets being depreciated	<u>31,259,177</u>	<u>4,324,356</u>	<u>1,802,234</u>	<u>26,643</u>	<u>33,807,942</u>
Less accumulated depreciation for:					
Buildings and improvements	5,906,382	299,643	-	-	6,206,025
Machinery and equipment	5,235,762	824,906	610,959	-	5,449,709
Infrastructure	2,032,225	103,147	-	-	2,135,372
Right-to-use leased equipment	4,664	34,608	-	-	39,272
SBITA assets	42,075	38,838	-	-	80,913
Total accumulated depreciation	<u>13,221,108</u>	<u>1,301,142</u>	<u>610,959</u>	<u>-</u>	<u>13,911,291</u>
Total capital assets being depreciated, net	<u>18,038,069</u>	<u>3,023,214</u>	<u>1,191,275</u>	<u>26,643</u>	<u>19,896,651</u>
Governmental activities capital assets, net	<u>\$18,893,094</u>	<u>\$3,247,234</u>	<u>\$1,191,275</u>	<u>\$ -</u>	<u>\$20,949,053</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Depreciation expense was charged to departments of the County as follows:

Nondepartmental costs	\$ 127,235
District Attorney	3,930
Elections	68,136
Courthouse maintenance	1,045
Constables	4,655
Sheriff, dispatch and jail	413,048
911 mapping	971
Fort Belknap	13,911
Road and bridge	<u>668,211</u>
 Total governmental depreciation	 <u>\$1,301,142</u>

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balances due to and from other funds at September 30, 2024 were as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 18,610	Short-term borrowings
General Fund	Agency Funds	71,387	Fee account balances
Nonmajor Funds	General Fund	11,070	Short-term borrowings
Custodial Funds	Custodial Funds	<u>18,285</u>	Fee account balances
	Total	<u>\$119,352</u>	

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

Interfund transfers during the year ended September 30, 2024 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$3,201,388	Supplement other resources
General Fund	Nonmajor Funds	<u>12,701</u>	Supplement other resources
	Total	<u>\$3,214,089</u>	

G. LONG-TERM OBLIGATIONS

The County issued notes payable, right-to-use lease liabilities and SBITA liabilities to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Changes in long-term obligations for the year ended September 30, 2024 were as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>10/1/2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2024</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	\$1,739,257	\$1,779,903	\$1,279,101	\$2,240,059	\$506,504
Right-to-use lease liabilities	101,783	270,435	84,167	288,051	64,939
SBITA liabilities	58,015	-	28,300	29,715	29,715
Compensated absences *	81,494	126,103	119,696	87,901	87,901
Totals	\$1,980,549	\$2,176,441	\$1,511,264	\$2,645,726	\$689,059

* Compensated absences are generally liquidated by the General Fund.

Notes Payable

Notes payable at September 30, 2024 are as follows:

	<u>Original</u> <u>Debt</u>	<u>Interest</u> <u>Rates</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>9/30/2024</u>
2021 Chevy Express Van 3500 – Jail	41,734	2.60%	9/13/2026	\$ 17,341
2021 Mack Truck – Prec. #4	128,686	5.85%	5/28/2028	85,516
2021 Mack Truck – Prec. #2	128,643	5.95%	3/13/2028	103,228
2021 CAT 150 Motor Grader – Prec. #2	276,721	5.95%	4/10/2029	196,432
2021 Kubota Motor Grader – Prec. #1	184,495	2.50%	2/15/2026	61,740
2021 Kubota Motor Grader – Prec. #1	192,575	2.50%	2/15/2026	61,740
2023 Mack Truck – Prec. #2	142,185	4.66%	12/18/2025	125,283
2023 Mack Truck – Prec. #1	142,571	4.66%	12/18/2025	125,623
2023 John Deere 6110M Tractor – Prec. #4	102,646	5.65%	2/15/2026	68,429
2025 Mack Truck – Prec. #3	60,082	6.25%	9/23/2027	60,082
2025 Mack Truck – Prec. #3	60,117	6.25%	5/28/2027	60,117
2023 CAT 150 Motor Grader – Prec. #2	123,624	5.65%	12/13/2026	123,624
2024 Komatsu Motor Grader – Prec. #4	299,366	5.65%	3/13/2029	299,366
2013 Mack Truck – Prec. #1	43,395	5.65%	3/13/2025	45,395
2025 Mack Truck – Prec. #4	163,372	5.65%	6/28/2027	163,372
2024 Komatsu Bulldozer – Civil Defense	208,890	5.65%	5/28/2027	208,890
2025 Mack Truck – Prec. #4	163,372	5.65%	7/28/2027	163,372
2025 Mack Truck – Prec. #1	174,214	5.65%	7/28/2027	174,214
2024 Takeuchi Skid Steer – Prec. #1	96,295	5.95%	9/26/2029	96,295
Total				\$2,240,059

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Debt service requirements on the notes payable at September 30, 2024 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 506,504	\$140,111	\$ 646,615
2026	663,606	96,666	760,272
2027	565,989	63,217	629,206
2028	255,564	22,003	277,567
2029	<u>248,396</u>	<u>15,461</u>	<u>263,857</u>
Totals	<u>\$2,240,059</u>	<u>\$337,458</u>	<u>\$2,577,517</u>

Right-to-use Lease Liabilities

Right-to-use lease liabilities at September 30, 2024 are as follows:

	<u>Original Debt</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2024</u>
Postage Machine – General	\$ 36,472	5.00%	5/14/2028	\$ 28,185
Copiers – General	68,960	5.00%	6/24/2028	53,298
Tasers – Sheriff, dispatch and jail	30,610	5.00%	10/15/2027	24,371
Body Cameras – Sheriff, dispatch and jail	87,615	5.00%	10/15/2027	61,015
Fleet Cameras – Sheriff, dispatch and jail	152,209	5.00%	6/1/2028	<u>121,182</u>
Total				<u>\$288,051</u>

Debt service requirements on the right-to-use lease liabilities at September 30, 2024 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 64,939	\$13,972	\$ 78,911
2026	70,408	10,703	81,111
2027	76,239	7,159	83,398
2028	<u>76,465</u>	<u>3,337</u>	<u>79,802</u>
Totals	<u>\$288,051</u>	<u>\$35,171</u>	<u>\$323,222</u>

SBITA Liabilities

SBITA liabilities at September 30, 2024 are as follows:

	<u>Original Debt</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2024</u>
Ticket writing/info. verification software – Sheriff	\$58,015	5.00%	1/17/2025	<u>\$29,715</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Debt service requirements on the SBITA liabilities at September 30, 2024 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$29,715</u>	<u>\$1,485</u>	<u>\$31,200</u>

Total Long-Term Debt

Debt service requirements for all long-term debt at September 30, 2024 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$601,158	\$155,568	\$756,726
2026	734,014	107,369	841,383
2027	642,228	70,376	712,604
2028	332,029	25,340	357,369
2029	<u>248,396</u>	<u>15,461</u>	<u>263,857</u>
Totals	<u>\$2,557,825</u>	<u>\$374,114</u>	<u>\$2,931,939</u>

H. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. During fiscal year 2024, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

I. CONTINGENT LIABILITIES AND COMMITMENTS

Grant Awards

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses are recorded as expenditures in the period when litigation services are rendered and damages are accrued as expenditures when determined to be probable and when amounts can reasonably be estimated. No liabilities have been accrued in the financial statements relative to litigation at September 30, 2024.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Trust Funds

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

Annex Remodel

The County started the project to remodel a portion of the courthouse annex. The contract is totaled \$375,663 and \$90,000 was incurred through September 30, 2024 leaving a remaining commitment under the contract of \$285,663.

Young County Arena

The County entered into a lease agreement with the City of Graham for them to maintain and operate the Young County Arena from October 1, 2023 to September 30, 2073. The agreement also requires the County to fund 50% of the operating deficit each fiscal year. The County paid the City of Graham \$61,819 for their portion of the operating deficit for the year ended September 30, 2024. The lease may be terminated by either party without cause within a one-year written notice.

Fire Suppression, Fire Protection Service and Technical Rescue Services

The County entered into an agreement with the City of Graham on June 10, 2024 for fire coverage to areas of the county noted in the city limits. The agreement is effective from October 1, 2024 to September 30, 2025 and automatically renews annually unless terminated by either party. Under the agreement, the County will pay the City of Graham \$2,000 per month or \$24,000 per year and reimburse them for cost of financing a fire apparatus and related equipment not to exceed \$160,000 per year for five years. As the County does not intend to cancel the agreement, there is an annual commitment of \$184,000 for fiscal years 2025-2029 and \$24,000 for each fiscal year thereafter.

J. DEFINED BENEFIT PENSION PLAN

1. Plan Description

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

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

2. Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the County-financed monetary credits. The level of these monetary credits is adopted by the

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	141
Active employees	112

3. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 7.91% for the months of the accounting year in 2023, and 8.13% for the months of the accounting year in 2024.

The contribution rate payable by the employee members for calendar year 2023 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

4. Net Pension Asset

The County's Net Pension Asset (NPA) was measured as of December 31, 2023, and the Total Pension Liability used to calculate the NPA was determined by an actuarial valuation.

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2023 were based on the results of an actuarial experience investigation of TCDRS over the years 2017-2020, except where required to be different by GASB 68.

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. The mortality rates for disabled retirees were based on 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation.

The capital market assumptions and information shown below are based on January 2024 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed 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 target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morning LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

- ⁽¹⁾ Target asset allocation adopted at the March 2024 TCDRS Board Meeting.
- ⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation of 2.2%, per Cliffwater's 2024 capital market assumptions
- ⁽³⁾ Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.
- ⁽⁴⁾ Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.
- ⁽⁵⁾ Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

Discount Rate

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

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability <u>(a)</u>	Fiduciary Net Position <u>(b)</u>	Net Pension Liability / (Asset) <u>(a) – (b)</u>
Balances as of December 31, 2022	\$27,881,626	\$27,641,918	\$239,708
Changes for the year:			
Service cost	589,037	-	589,037
Interest on total pension liability	2,099,319	-	2,099,319
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(1,339)	-	(1,339)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(55,431)	(55,431)	-
Benefit payments	(1,672,302)	(1,672,302)	-
Administrative expense	-	(15,514)	15,514
Member contributions	-	384,258	(384,258)
Net investment income	-	3,028,876	(3,028,876)
Employer contributions	-	433,895	(433,895)
Other	-	(34,449)	34,449
Balances as of December 31, 2023	<u>\$28,840,910</u>	<u>\$29,711,251</u>	<u>(\$870,341)</u>

Sensitivity Analysis

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

	1% Decrease <u>6.60%</u>	Current Discount Rate <u>7.60%</u>	1% Increase <u>8.60%</u>
Net pension liability (asset)	<u>\$2,361,086</u>	<u>(\$870,341)</u>	<u>(\$3,624,215)</u>

Pension Expense

	<u>January 1, 2023 to December 31, 2023</u>
Service cost	\$ 589,037
Interest on total pension liability ⁽¹⁾	2,099,319
Effect of plan changes	-
Administrative expenses	15,514
Member contributions	(384,258)
Expected investment return net of investment expenses	(2,064,991)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	43,791
Recognition of assumption changes or inputs	(45,638)
Recognition of investment gains or losses	(569,799)
Other ⁽²⁾	<u>34,448</u>
 Pension expense	 <u>\$ 282,577</u>

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

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

Deferred Outflows / Inflows of Resources

As of September 30, 2024, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 47,286	\$ 893
Changes of assumptions	-	-
Net difference between projected and actual earnings	67,910	-
Contributions made subsequent to measurement date	<u>368,065</u>	<u>-</u>
 Total	 <u>\$483,261</u>	 <u>\$ 893</u>

\$368,065 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset for the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

<u>Year Ended December 31:</u>	
2024	(\$177,707)
2025	(115,994)
2026	600,781
2027	(192,777)

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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

1. Plan Description

Any employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical until they reach age 65. The retired employee may continue coverage for dependents as well. Premiums for the retired employee and any dependents are paid by the retired employee. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

2. Demographic Information

<u>Status</u>	<u>9/30/24</u>
Active – Employee Only	78
Active – Employee and Dependent	12
Retired – Employee Only	0
Retired – Employee and Dependent	0

3. Actuarial Methods and Assumptions Used for GASB Calculations

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

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.06% (1.56% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from \$11,564 at age 50 to \$16,340 at age 64.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2021

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full contribution rate for the medical and life insurance and dental coverage.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 20% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.
Valuation Date	September 30, 2024
Measurement Date	September 30, 2024

4. Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance as of September 30, 2023	\$58,525
Changes for the year:	
Service cost	5,511
Interest cost	3,119
Changes of benefit terms	-
Differences between expected and actual experience	(10,791)
Changes in assumptions	4,555
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	-
Administrative expense	-
	<hr/>
Balance as of September 30, 2024	<u>\$60,919</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

Sensitivity Analysis of the Discount and Trend Rate

Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.06%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current rate.

	1% Decrease <u>3.06%</u>	Current Discount Rate <u>4.06%</u>	1% Increase <u>5.06%</u>
Total OPEB liability	<u>\$67,063</u>	<u>\$60,919</u>	<u>\$55,348</u>

Trend Rate

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

	1% Decrease <u>3.50%</u>	Current Trend Rate <u>4.50%</u>	1% Increase <u>5.50%</u>
Total OPEB liability	<u>\$53,236</u>	<u>\$60,919</u>	<u>\$70,112</u>

5. OPEB Expense

	<u>October 1, 2023 to September 30, 2024</u>
Service cost	\$5,511
Interest cost (including interest on Service Cost)	3,119
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	(5,036)
Changes in assumptions or other inputs	(1,292)
Other changes, if significant	-
Difference of projected investment earnings	<u>-</u>
Total OPEB expense as of September 30, 2024	<u>\$2,302</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2024

6. Deferred Outflows / Inflows of Resources

As of September 30, 2024, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,497	\$24,926
Changes of assumptions/inputs	<u>3,850</u>	<u>8,966</u>
Total	<u>\$11,347</u>	<u>\$33,892</u>

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

<u>Year Ended December 31:</u>	
2025	(\$7,800)
2026	(6,203)
2027	(4,932)
2028	(2,958)
2029	(332)
2030 and thereafter	(320)

L. JUDICIAL ASSESSMENT RECEIVABLES

At September 30, 2024, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

REQUIRED SUPPLEMENTARY INFORMATION

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 7,666,694	\$ 7,666,694	\$ 8,881,899	\$ 1,215,205
Sales taxes	1,700,000	1,700,000	1,681,441	(18,559)
Occupancy taxes	90,000	90,000	77,492	(12,508)
Mixed beverage tax	38,000	38,000	31,795	(6,205)
Licenses, fees and fines	723,210	723,210	685,431	(37,779)
Other governmental reimbursements	1,671,265	1,671,265	1,773,926	102,661
Auto registration	495,000	495,000	501,196	6,196
Surtax on auto registration	190,000	190,000	192,950	2,950
Federal and state grants	899,700	899,700	698,823	(200,877)
Section 312 revenues	1,211,000	1,211,000	1,211,560	560
Interest earned	260,600	260,600	576,444	315,844
Other revenue	102,210	102,210	137,295	35,085
Total revenues	15,047,679	15,047,679	16,450,252	1,402,573
Expenditures				
County Judge	173,204	173,204	166,931	6,273
County Clerk	297,583	297,583	284,370	13,213
Veteran service	28,537	28,537	27,751	786
Homeland security	20,306	20,306	16,183	4,123
Nondepartmental costs	762,849	747,393	390,869	356,524
Computer department	135,210	135,210	110,957	24,253
County/District court	561,423	561,423	476,495	84,928
District Clerk	254,939	254,939	246,542	8,397
Justices of the Peace	393,007	393,007	401,336	(8,329)
District Judge	82,593	85,093	93,470	(8,377)
County Attorney	358,723	358,723	306,677	52,046
District Attorney	525,066	525,066	552,368	(27,302)
Elections	199,092	199,092	179,999	19,093
County Auditor	258,318	258,318	257,339	979
County Treasurer	166,985	172,185	173,776	(1,591)
Tax Assessor/Collector	550,618	550,618	568,525	(17,907)
Courthouse maintenance	567,388	567,388	283,589	283,799
Annex maintenance	20,800	20,800	21,030	(230)
Ambulance	244,000	244,000	244,000	-
Constables	91,119	91,119	86,628	4,491
Department of Public Safety and Game Warden	6,500	6,500	6,446	54
Sheriff, dispatch and jail	4,005,544	4,036,744	3,459,287	577,457
911 mapping	88,778	88,778	74,145	14,633
Adult probation	502,293	502,293	521,897	(19,604)
Juvenile probation	780,379	780,379	755,564	24,815
Pauper services	18,200	18,200	9,750	8,450
Fort Belknap	128,437	136,193	141,462	(5,269)
Agricultural extension agent	36,142	36,142	37,299	(1,157)
Home economics agent	33,655	33,655	29,945	3,710
TAEX office	94,683	94,683	89,755	4,928
Employee benefits	79,035	79,035	73,124	5,911
District court reporter	132,386	132,386	133,137	(751)
Road and bridge	2,697,191	2,697,191	2,274,808	422,383
Hospital and medical costs	182,000	182,000	178,305	3,695
Medical administrative costs	108,000	108,000	108,000	-

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Capital outlay	1,037,000	986,427	2,589,330	(1,602,903)
Debt service - principal	364,206	383,050	628,930	(245,880)
Debt service - interest	41,174	41,703	41,130	573
Total expenditures	<u>16,027,363</u>	<u>16,027,363</u>	<u>16,041,149</u>	<u>(13,786)</u>
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	<u>(979,684)</u>	<u>(979,684)</u>	<u>409,103</u>	<u>1,388,787</u>
Other sources and (uses):				
Issuance of debt	-	-	1,665,162	1,665,162
Proceeds from sale of capital assets	1,000	1,000	135,526	134,526
Transfers in	3,152,746	3,152,746	3,214,089	61,343
Transfers out	<u>(3,152,746)</u>	<u>(3,152,746)</u>	<u>(3,201,388)</u>	<u>(48,642)</u>
Total other sources and (uses)	<u>1,000</u>	<u>1,000</u>	<u>1,813,389</u>	<u>1,812,389</u>
Net change in fund balances	(978,684)	(978,684)	2,222,492	3,201,176
Fund balances, beginning of year	<u>10,631,608</u>	<u>10,631,608</u>	<u>10,631,608</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,652,924</u>	<u>\$ 9,652,924</u>	<u>\$ 12,854,100</u>	<u>\$ 3,201,176</u>

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
AMERICAN RESCUE GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal and state grants	\$ 2,000,000	\$ 2,000,000	\$ 1,476,208	\$ (523,792)
Interest earned	30,000	30,000	37,114	7,114
Total revenues	<u>2,030,000</u>	<u>2,030,000</u>	<u>1,513,322</u>	<u>(516,678)</u>
Expenditures				
ARPA	2,030,000	2,030,000	263,864	1,766,136
Capital outlay	-	-	1,212,344	(1,212,344)
Total expenditures	<u>2,030,000</u>	<u>2,030,000</u>	<u>1,476,208</u>	<u>553,792</u>
Net change in fund balances	-	-	37,114	37,114
Fund balances, beginning of year	<u>51,228</u>	<u>51,228</u>	<u>51,228</u>	<u>-</u>
Fund balances, end of year	<u>\$ 51,228</u>	<u>\$ 51,228</u>	<u>\$ 88,342</u>	<u>\$ 37,114</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service cost	\$ 589,037	\$ 551,824	\$ 585,851	\$ 541,462
Interest on total pension liability	2,099,319	2,011,657	1,937,017	1,887,337
Effect of plan changes	-	-	-	-
Effect of plan changes or inputs	-	-	(136,914)	1,267,570
Effect of economic/demographic (gains) or losses	(1,339)	141,858	(9,145)	(280,557)
Benefit payments/refunds of contributions	<u>(1,727,733)</u>	<u>(1,455,482)</u>	<u>(1,269,274)</u>	<u>(1,276,286)</u>
Net change in total pension liability	959,284	1,249,857	1,107,535	2,139,526
Total pension liability, beginning	<u>27,881,626</u>	<u>26,631,769</u>	<u>25,524,234</u>	<u>23,384,708</u>
Total pension liability, ending (a)	<u>\$ 28,840,910</u>	<u>\$ 27,881,626</u>	<u>\$ 26,631,769</u>	<u>\$ 25,524,234</u>
Fiduciary Net Position				
Employer contributions	\$ 433,895	\$ 426,230	\$ 386,404	\$ 389,778
Member contributions	384,258	344,526	323,546	317,635
Investment income net of investment expenses	3,028,876	(1,707,373)	5,477,225	2,417,560
Benefit payments/refunds of contributions	(1,727,733)	(1,455,482)	(1,269,274)	(1,276,286)
Administrative expenses	(15,514)	(16,199)	(16,296)	(18,460)
Other	<u>(34,449)</u>	<u>(71,231)</u>	<u>(8,898)</u>	<u>(14,513)</u>
Net change in fiduciary net position	2,069,333	(2,479,529)	4,892,707	1,815,714
Fiduciary net position, beginning	<u>27,641,918</u>	<u>30,121,447</u>	<u>25,228,740</u>	<u>23,413,026</u>
Fiduciary net position, ending (b)	<u>\$ 29,711,251</u>	<u>\$ 27,641,918</u>	<u>\$ 30,121,447</u>	<u>\$ 25,228,740</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (870,341)</u>	<u>\$ 239,708</u>	<u>\$ (3,489,678)</u>	<u>\$ 295,494</u>
Fiduciary net position as a % of total pension liability	<u>103.02%</u>	<u>99.14%</u>	<u>113.10%</u>	<u>98.84%</u>
Covered payroll	<u>\$ 5,489,393</u>	<u>\$ 4,921,802</u>	<u>\$ 4,622,081</u>	<u>\$ 4,537,637</u>
Net pension liability as a % of covered payroll	<u>-15.85%</u>	<u>4.87%</u>	<u>-75.50%</u>	<u>6.51%</u>

2019	2018	2017	2016	2015	2014
\$ 515,223	\$ 495,248	\$ 504,052	\$ 518,903	\$ 509,318	\$ 481,281
1,799,404	1,730,212	1,644,083	1,550,621	1,500,140	1,419,896
-	-	-	-	(48,149)	-
-	-	113,088	-	204,806	-
(54,457)	(272,341)	(59,356)	(24,375)	(345,621)	(9,477)
<u>(1,128,255)</u>	<u>(1,109,825)</u>	<u>(1,148,917)</u>	<u>(1,133,284)</u>	<u>(1,117,345)</u>	<u>(870,631)</u>
1,131,915	843,294	1,052,950	911,865	703,149	1,021,069
<u>22,252,793</u>	<u>21,409,499</u>	<u>20,356,549</u>	<u>19,444,684</u>	<u>18,741,535</u>	<u>17,720,466</u>
<u>\$ 23,384,708</u>	<u>\$ 22,252,793</u>	<u>\$ 21,409,499</u>	<u>\$ 20,356,549</u>	<u>\$ 19,444,684</u>	<u>\$ 18,741,535</u>
\$ 377,444	\$ 359,307	\$ 334,280	\$ 380,529	\$ 385,358	\$ 387,237
310,474	299,424	288,885	292,072	288,813	276,598
3,369,221	(403,645)	2,787,620	1,348,459	84,601	1,211,550
(1,128,255)	(1,109,825)	(1,148,917)	(1,133,284)	(1,117,346)	(870,631)
(17,842)	(16,477)	(14,229)	(14,652)	(13,228)	(13,929)
<u>(11,814)</u>	<u>(11,231)</u>	<u>(7,180)</u>	<u>46,876</u>	<u>31,954</u>	<u>(36,635)</u>
2,899,228	(882,447)	2,240,459	920,000	(339,848)	954,190
20,513,798	21,396,245	19,155,786	18,235,786	18,575,634	17,621,444
<u>\$ 23,413,026</u>	<u>\$ 20,513,798</u>	<u>\$ 21,396,245</u>	<u>\$ 19,155,786</u>	<u>\$ 18,235,786</u>	<u>\$ 18,575,634</u>
<u>\$ (28,318)</u>	<u>\$ 1,738,995</u>	<u>\$ 13,254</u>	<u>\$ 1,200,763</u>	<u>\$ 1,208,898</u>	<u>\$ 165,901</u>
<u>100.12%</u>	<u>92.19%</u>	<u>99.94%</u>	<u>94.10%</u>	<u>93.78%</u>	<u>99.11%</u>
<u>\$ 4,435,347</u>	<u>\$ 4,277,481</u>	<u>\$ 4,126,934</u>	<u>\$ 4,172,463</u>	<u>\$ 4,125,904</u>	<u>\$ 3,951,400</u>
<u>-0.64%</u>	<u>40.65%</u>	<u>0.32%</u>	<u>28.78%</u>	<u>29.30%</u>	<u>4.20%</u>

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	\$ 387,237	\$ 387,237	\$ -	\$ 3,951,400	9.8%
2016	380,529	380,529	-	4,172,463	9.1%
2017	334,280	334,280	-	4,126,934	8.1%
2018	350,993	350,993	-	4,218,852	8.3%
2019	369,409	369,409	-	4,356,252	8.5%
2020	404,686	404,686	-	4,722,961	8.6%
2021	384,935	384,935	-	4,574,703	8.4%
2022	413,002	413,002	-	4,808,216	8.6%
2023	435,854	435,854	-	5,392,276	8.1%
2024	473,780	473,780	-	5,863,717	8.1%

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

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
YOUNG COUNTY RETIREE HEALTH CARE PLAN

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 5,511	\$ 5,238	\$ 6,847	\$ 6,426
Interest cost	3,119	2,331	1,792	1,841
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(10,791)	10,892	(20,787)	(9,319)
Changes in assumptions	4,555	(524)	(13,614)	14
Other changes	-	-	-	-
Contributions-employer	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	-	(6,102)	-	(3,807)
Administrative expense	-	-	-	-
Net change in total OPEB liability	<u>2,394</u>	<u>11,835</u>	<u>(25,762)</u>	<u>(4,845)</u>
Total OPEB liability, beginning	<u>58,525</u>	<u>46,690</u>	<u>72,452</u>	<u>77,297</u>
Total OPEB liability, ending	<u>\$ 60,919</u>	<u>\$ 58,525</u>	<u>\$ 46,690</u>	<u>\$ 72,452</u>
Covered payroll	<u>\$ 4,098,147</u>	<u>\$ 4,124,687</u>	<u>\$ 3,587,947</u>	<u>\$ 3,469,824</u>
Net OPEB liability as a % of covered payroll	<u>1.49%</u>	<u>1.42%</u>	<u>1.30%</u>	<u>2.09%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 6,789	\$ 5,576	\$ 5,358	N/A	N/A	N/A
2,396	3,060	3,307	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A
(5,300)	2,527	-	N/A	N/A	N/A
(5,938)	6,424	-	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A
(7,836)	(11,559)	(7,220)	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A
<u>(9,889)</u>	<u>6,028</u>	<u>1,445</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>87,186</u>	<u>81,158</u>	<u>79,713</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 77,297</u>	<u>\$ 87,186</u>	<u>\$ 81,158</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 3,363,926</u>	<u>\$ 3,430,739</u>	<u>\$ 3,073,162</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>2.30%</u>	<u>2.54%</u>	<u>2.64%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

A. BUDGETARY INFORMATION

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

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

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

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

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2024, expenditures exceeded appropriations in the General Fund in total by \$13,786 and in twelve functional categories as follows:

Justices of the peace	\$ 8,329
District Judge	8,377
District Attorney	27,302
County Treasurer	1,591
Tax Assessor/Collector	17,907
Annex maintenance	230
Adult probation	19,604
Fort Belknap	5,269
Agricultural extension agent	1,157
District court reporter	751
Capital outlay	1,602,903
Debt service - principal	245,880

These over-expenditures were funded by available fund balance.

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

C. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

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 and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.4 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of 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 reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

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

D. YOUNG COUNTY RETIREE HEALTH CARE PLAN

There were no changes to benefit terms or assumptions during the year except for the discount rate which decreased from 4.87% to 4.06%.

YOUNG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

YOUNG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and Schedule of Expenditures of Federal Awards

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Young County, Texas' (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2024. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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 Awards

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of 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. We have issued our report thereon dated January 28, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
January 28, 2026

YOUNG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-Through <u>Grantor/ Program Title</u>	Contract <u>Number</u>	Assistance Listing <u>Number</u>	Expenditures and <u>Indirect Costs</u>	Amount Relating to Pass-Through <u>Expenditures</u>
FEDERAL AWARDS				
<u>United States Department of the Treasury</u>				
Direct Program:				
COVID-19 - ARPA Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	\$ 1,476,208	\$ -
Total United States Department of the Treasury			<u>1,476,208</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,476,208</u>	<u>\$ -</u>

YOUNG COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Young County, Texas (County). All financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on this schedule.

Note 2 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. Federal grant funds are ordinarily considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are deferred revenues until earned.

Note 3 - CONTINGENCIES

In connection with the federal programs, the County is required to comply with specific terms and agreements as well as applicable federal laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives.

Since such programs are subject to audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the County expects the resulting liability to be immaterial.

Note 4 - DE MINIMIS INDIRECT COST RATE

Entities that receive federal awards for which an indirect cost rate has never been negotiated may elect to charge a de minimis indirect cost rate of ten percent of modified total direct costs. The County did not elect to charge the de minimis rate to any of its federal awards during the year ended September 30, 2024.



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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JOSHUA R. HARMAN, CPA

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable County Judge and
Members of the Commissioners' Court
Young 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 Young County, Texas (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 January 28, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 preceding 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free 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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-003.

County'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 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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
January 28, 2026

YOUNG COUNTY, TEXAS

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

A. Summary of Auditor's Results

An unmodified opinion was issued on the financial statements.

The audit disclosed material weaknesses relating to the audit of the financial statements in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

The audit disclosed an instance of noncompliance that is material to the financial statements in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

The audit disclosed no material weaknesses or significant deficiencies relating to the audit of the major federal award program in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.

An unmodified opinion was issued on compliance for the major program.

The audit disclosed no noncompliance findings that are required to be reported in this schedule under the Uniform Guidance.

Major program is as follows:

Federal:

21.027 – Coronavirus State and Local Fiscal Recovery Funds

The threshold used to distinguish between Type A and Type B federal programs was \$750,000.

The County was not classified as a low-risk auditee in the context of the Uniform Guidance.

B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

Finding 2024-001 – Material Weakness in Internal Control over Financial Reporting – Material Audit Adjustments

Criteria or Specified Requirement

The County should maintain adequate internal control over financial reporting to ensure accurate reporting in the County's financial statements.

Condition Found

During the audit, misstatements were noted in the County's accounting records that were material to the County's financial statements. The misstatements were not identified prior to the audit by the County's internal control processes.

YOUNG COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D.) FOR THE YEAR ENDED SEPTEMBER 30, 2024

Cause

The County did not record all of the necessary entries to properly record all financial transactions in accordance with generally accepted accounting principles.

Effect

Material misstatements were noted during the audit of the County's financial statements and were required to be corrected. Therefore, internally prepared financial statements are materially in error and do not follow generally accepted accounting principles.

Recommendation

We recommend that the County closely review and adjust all accounts as necessary prior to closing the County's accounting records prior to the start of the audit.

Views of Responsible Officials and Planned Corrective Action

Please refer to the Corrective Action Plan prepared by the County's management.

Finding 2024-002 – Lack of Timely Bank Reconciliations

Criteria or Specified Requirement

Bank reconciliations should be completed in a timely manner in order to provide accurate and timely information to management and to avoid possible unauthorized transactions and/or overlooked errors.

Condition Found

The County's bank reconciliations were not completed in a timely manner.

Cause

The County has limited procedures in place to ensure timely bank reconciliations are performed.

Effect

A lack of timely bank reconciliations can result in an increased potential for unauthorized transactions and/or overlooked errors that are not discovered in a reasonable time period. The untimely reconciliations can also result in inaccurate or misleading information in the accounting records that are used or presented during the year.

Recommendation

We recommend that the County review its accounting processes to determine what steps need to be taken to ensure future bank reconciliations are performed in a timely manner.

Views of Responsible Officials and Planned Corrective Action

Please refer to the Corrective Action Plan prepared by the County's management.

YOUNG COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D.) FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-003 – Material Noncompliance – Over-Expended Budgets

Criteria or Specified Requirement

At no time should the County expend more than the approved budget.

Condition Found

The County's General Fund budget was over-expended in twelve departments ranging from \$230 to \$1,602,903, and in total by \$13,786 and the American Rescue Grant Fund was over-expended in one category by \$1,212,344.

Cause

The County incurred additional costs in certain departments throughout the year for which the General and American Rescue Grant Fund's budgets were not amended.

Effect

The County is not in compliance with the Texas Government Code relative to budgeted expenditures.

Recommendation

We recommend that the County closely monitor its expenditures and make the necessary budget amendments when needed.

Views of Responsible Officials and Planned Corrective Action

Please refer to the Corrective Action Plan prepared by the County's management.

C. Findings and Questioned Costs for Federal Awards

There were no findings in the current year.

YOUNG COUNTY

STATE OF TEXAS



GRAHAM, TEXAS 76450

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-001

The County has reviewed the finding noted in the audit and agrees with it. The County will also make the necessary adjustments in future years.

The Contact person for this corrective action plan is Cheryl Roberts, County Auditor.

Finding 2024-002

The County has reviewed the finding noted in the audit and agrees with it. The County will also perform timely bank reconciliations in future years.

The Contact person for this corrective action plan is Cheryl Roberts, County Auditor.

Finding 2024-003

The County has reviewed the finding noted in the audit and agrees with it. The County will also make the necessary budget amendments in future years.

The Contact person for this corrective action plan is Cheryl Roberts, County Auditor.

YOUNG COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2023-001 – Material Weakness in Internal Control over Financial Reporting

Current Status: In the prior year audit, material misstatements were identified requiring material audit adjustments to the County's financial statements. During the current year audit, similar material audit adjustments were made. See Finding 2024-001.

Finding 2023-002 – Material Noncompliance – Over-Expended Budgets

Current Status: In the prior year audit, it was noted that the General Fund expenditures exceeded the budgeted amount in ten departments, some of which were material. During the current year audit, similar over-expenditures were noted in several budgeted areas. See Finding 2024-003.



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January 28, 2026

To the Honorable County Judge and County Commissioners
Young County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Young County, Texas (County) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 12, 2025. Professional standards also require that we communicate to you the following information related to your audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

- Management's estimate of uncollectible property taxes is based on known facts and circumstances as well as historical information.
- Management's estimate of useful lives of capital assets for depreciation purposes is based on known facts and circumstances as well as historical information.
- Management's estimate of the right-to-use lease assets and liabilities and subscription-based information technology arrangement assets and liabilities are based on the District's estimated incremental borrowing rate.
- Management's estimates of pension and OPEB related assets, liabilities and deferred outflows and inflows of resources are based on information provided by the Texas County and District Retirement System and CapRisk Consulting Group.
- Management's estimates of compensated absences are based on the County's payroll system and historical information.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note A – Summary of Significant Accounting Policies,
- Note G – Long-Term Obligations,
- Note J – Defined Benefit Pension Plan,
- Note K – Defined Other Post-Employment Benefit Plan, and
- Note L – Judicial Assessment Receivables

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Schedule of Uncorrected Misstatements summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

In addition, the attached Summary of Corrected Misstatements summarizes the misstatements detected as a result of audit procedures and corrected by management during the audit. Four of those corrected misstatements were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 28, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the County's independent auditors.

It should be noted that the County has receivables from the various dockets in the County, District, and Justice of the Peace Courts at September 30, 2024. Though these receivables are material to the County's financial statements, they have not been recorded. It is our understanding that the County is developing a plan to obtain this information for future reporting. Because these receivables have not been reported, a qualification to the independent auditor's report was made.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, budgetary comparison schedules, the Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, the Schedule of Employer Contributions – Texas County and District Retirement System, and the Schedule of Changes in Total OPEB Liability and Related Ratios – Young County Retiree Health Care Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the County Judge and County Commissioners and other members of management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



EDGIN, PARKMAN, FLEMING & FLEMING, PC
Certified Public Accountants

Young County, Texas
Summary of Uncorrected Misstatements
September 30, 2024

Explanation of Adjustment	Effect of Audit Entries - Increase (Decrease)				
	Assets	Liabilities	Beginning Equity	Revenues	Expenditures
PY - Unrecorded accounts payable	-	-	(15,920)	-	(15,920)
PY - Prepaid insurance difference	-	-	7,400	-	7,400
PY - Difference in accrued wages	-	-	(16,223)	-	(16,223)
CY - Unrecorded accounts payable	-	17,812	-	-	17,812
Total General Fund	-	17,812	(24,743)	-	(6,931)
None	-	-	-	-	-
Total American Rescue Grant Fund	-	-	-	-	-
None	-	-	-	-	-
Total Nonmajor Funds	-	-	-	-	-
None	-	-	-	-	-
Total Internal Service Fund	-	-	-	-	-
None	-	-	-	-	-
Total - Government Wide	-	17,812	(24,743)	-	(6,931)
None	-	-	-	-	-
Total - Custodial Funds	-	-	-	-	-

Young County, Texas
Summary of Corrected Misstatements
September 30, 2024

Explanation of Adjustment	Effect of Audit Entries - Increase (Decrease)					
	Assets/ Def Outflows	Liabilities/ Def Inflows	Beginning Equity	Revenues	Expenditures	Other Source/Use
1 To adjust for difference in fund balance	-	-	1,935	-	1,935	-
4 To defer the unexpended SB 22 grant funds	-	161,728	-	(161,728)	-	-
5 To adjust sales tax receivable at 9/30/24	15,971	-	-	15,971	-	-
6 To reverse the FY23 gross weight receivable	(25,504)	-	-	(25,504)	-	-
7 To record the SB22 deposit on 9/17/24	525,000	525,000	-	-	-	-
8 To record the Graham dispatch receivable for 9/24	13,309	-	-	13,309	-	-
9 To reverse the DA receivable from FY23	(2,844)	-	-	(2,844)	-	-
10 To reclassify transfers	-	-	-	-	(14,321)	(14,321)
11 To reclassify the CTIF grant payment	-	-	-	-	-	-
12 To adjust property tax receivables	-	-	-	-	-	-
13 To close Fund 60 to Fund 10	32,345	12,922	-	6,722	-	12,701
14 To reclassify the RTU lease payments	-	-	-	-	-	-
15 To adjust prepaid insurance at 9/30/24	77,535	-	-	-	(77,535)	-
16 To reclassify additional capita outlay costs	-	-	-	-	-	-
17 To reclassify receivables to correct accounts	-	-	-	-	-	-
Total General Fund	635,812	699,650	1,935	(154,074)	(89,921)	(1,620)
2 To reclassify refunds to the correct account	-	-	-	(179)	(179)	-
3 To recognize a portion of the ARPA funds	-	(1,476,207)	-	1,476,207	-	-
Total American Rescue Grant Fund	-	(1,476,207)	-	1,476,028	(179)	-
1 To adjust for difference in fund balance	-	-	4,082	-	4,082	-
12 To adjust property tax receivables	-	-	-	-	-	-
13 To close Fund 60 to Fund 10	(32,345)	(12,922)	-	(6,722)	-	(12,701)
17 To reclassify receivables to correct accounts	-	-	-	-	-	-
Total Nonmajor Funds	(32,345)	(12,922)	4,082	(6,722)	4,082	(12,701)
None	-	-	-	-	-	-
Total Internal Service Fund	-	-	-	-	-	-
GASB 34 Adjustments	-	-	-	-	-	-
Total - Government Wide	603,467	(789,479)	6,017	1,315,232	(86,018)	(14,321)
18 To adjust the Custodial Funds at 9/30/2025	-	-	-	-	-	-
19 To close out unknown balances	-	(410)	177	-	(233)	-
20 To record 3rd quarter tax payables	-	50,996	-	-	50,996	-
Total Custodial Funds	-	50,586	177	-	50,763	-

Considered to be a material adjustment

Young County, Texas
Exit Conference Notes

Overall, the audit went as well even with having to make the cleanup, year-end entries.

1. There were no fraud risks noted from the fraud questionnaires received.
2. There was a Single Audit this year since federal grant expenditures were above \$750,000 due to expending some of the ARPA funds. Unless additional federal grants are received and expended, this should be the final year for the federal Single Audit.
3. Findings:
 - A. Material audit adjustments were required to the County's internal accounting records to GAAP. There were four material adjustments as follows:
 - 1) Recorded the deferral of the FY24 SB22 amounts - \$161,728.
 - 2) Recorded the receipt of the \$525,000 FY25 SB22 receipts not recorded.
 - 3) Recognized \$1,476,207 of ARPA deferral as revenues in FY24 based on expenditures.
 - 4) Recorded the 3rd quarter report payables at 9/30/2024 for \$50,996.
 - B. There were several large budget variances in the General and ARPA Funds in the past few years. There are material variances again for 2023-24. At all times, the legally adopted budget by department should not be over-expended; therefore, budget amendments should be made throughout the year as needed.
 - 1) The General Fund had 12 over-expended departments ranging from \$230 to \$1,602,903, and the fund was over-expended in total by \$13,486.
 - 2) The ARPA Fund; capital outlay was over-expended by \$1,212,344.
 - C. The County Treasurer's bank accounts were not timely reconciled throughout 2023-24. They were finally caught up and completed in September 2025, almost a year after the fact.
4. Management Letter Comments
 - A. Clean up and adjustment of the judicial receivables (County, District and JPs) so the amounts can be recorded. Progress has been made but is not completed. Additionally, the cleanup process should be completed each year.
 - B. Develop written policies and procedures for all offices, including a disaster recovery plan. This has not been implemented and will be reported again. It was noted that some work had been made on the disaster recovery plan, but it is not completed. It also needs to include specific federal grant requirements.
 - C. Due from/to accounts need to be closed out (same balances for at least 8 years)
 - 1) The General Fund (10) owes the R&B General (20) \$29,679.50.
 - D. Some bank accounts have old outstanding checks over 1 year old as follows (same comment as the past 5 years):
 - 1) Treasurer Funds – 20 checks totaling \$2,438.47.
 - 2) District Clerk Trust Fund – 8 checks totaling \$78.31 (improvement was made in 2023-24).
 - 3) District Clerk Cost – 9 checks for \$703.00.
 - 4) District Clerk General Fund – 88 checks totaling \$979.94.
 - 5) Insurance Fund – 5 checks for \$65.54.

They need to be investigated and with new checks issued and reinstate them or escheat them to the state.

- E. We noted several of the County's bank reconciliations have some documentation issues:
 - 1) Several fee office accounts did not prepare a bank reconciliation.
 - 2) Several of the bank reconciliations did not have any documentation of a third-party review to ensure it was completed timely, agrees to the accounting records, and is complete and accurate.

 - F. The County's depository agreement extension matured on October 31, 2021 and a new one has not been prepared. Consequently, the County has been operating without a valid depository agreement since then. However, it appears the depository covered the County's deposits with pledged securities after the maturity date through at least September 30, 2024.

 - G. During 2022-23, the County paid off the bond debt and the Court approved moving the monies from the I&S Fund to the General Fund (8/14/2023). However, this was not completed as of 9/30/2023. During the 2023-24 audit, these amounts were moved in the accounting records.

 - H. The County purchased jail cameras totaling \$65,000 and the County thought the vendor was approved through BuyBoard but was not.
5. Internal Comments
- A. When recording the receivables at year-end, they should be separated from regular receivables, due from other governments and due from other funds (internal amounts) (same comment for 5 years). Same comment as the prior years.

 - B. The County should use a unique capital outlay account to record all purchases that meet the capital outlay criteria versus recording them in various accounts like repairs, supplies etc. This should help budget and track these purchases each year. Same comment as the prior years.

 - C. Be sure to compute and adjust prepaid insurance each year. EPFF did so at 9/30/2024.

 - D. The Commissioner Court minutes were not all posted to the County's website.