

MENARD COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

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

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NEFFENDORF & BLOCKER, P.C.

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Menard
Menard, TX 76859

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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; this includes 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 of Menard, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

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forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Menard, Texas' 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 of Menard, Texas' 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 (pages 4 through 9), budgetary comparison information (pages 43 and 44) and the schedule of changes in net pension liability and related ratios, schedule of employer contributions, and notes to the schedule of contributions (pages 44 through 49) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Menard, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024, on our consideration of County of Menard, Texas' 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 of Menard, Texas' 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 of Menard, Texas' internal control over financial reporting and compliance.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

October 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Menard County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended September 30, 2023. Please read it in conjunction with the independent auditors' report on page 1, and the County's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$7,974,887 (net position). Of this amount, \$2,087,986 (unrestricted net position) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's net position increased by \$629,701 as a result of this year's operations.
- At September 30, 2023, the County's governmental funds reported combined ending fund balances of \$1,780,804, an increase of \$737,878 in comparison with the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 13-14 & 16-19) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the County.

The notes to the financial statements (starting on page 23) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (General Fund and Road and Bridge Fund) pages 43 & 44, the Schedule of Changes in Net Pension Liability and Related Ratios, page 45, the Schedule of Employer Contributions, page 47 and the Notes to the Schedule of Contributions, page 49 are presented as required supplementary information.

The combining statements (starting on page 50) for nonmajor funds contain even more information about the County's individual funds.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who pay for the costs of some programs and grants provided by the outside parties and agencies (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net position and changes in them. The County's net position (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider other factors as well, such as changes in the County's customers or its property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County has one kind of activity:

➤ Governmental activity - Most of the County's basic services are reported here, including public safety, roads and bridges, health and human services, culture and recreation, county courts and general administration. Property taxes, user charges, sales tax and grants finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 13-14 & 16-19 provide detailed information about the most significant funds - not the County as a whole. Laws and contracts require the County to establish some funds, such as grants received from a government agency. The County's administration establishes many other funds to help it control and manage money for particular purposes.

➤ Governmental funds - Most of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation schedules following each of the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental activities.

Net position of the County's governmental activities increased from \$7,349,496 to \$7,974,887. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$2,087,986 at September 30, 2023. This increase in governmental net position was the result of several factors. First, the County's revenues exceeded the expenditures by \$737,878. Second, the County paid principal on long-term debt in the amount of \$193,692. Third, the County recorded depreciation and amortization in the amount of \$468,685. Fourth, the County acquired capital assets in the amount of \$845,640.

Table I
Menard County, Texas

NET POSITION in thousands

	Governmental Activities	
	2023	2022
Current and Other Assets	\$ 2,513	\$ 1,911
Capital Assets	6,830	6,478
Net Pension Asset	211	1,067
Total Assets	\$ 9,554	\$ 9,456
Deferred Outflow of Resources		
Deferred Outflow Related to Pension	\$ 248	\$ 200
Deferred Charge on Refunding	-	-
Total Deferred Outflows of Resources	\$ 248	\$ 200
Long-Term Liabilities	\$ 1,085	\$ 774
Other Liabilities	689	655
Total Liabilities	\$ 1,774	\$ 1,429
Deferred Inflows of Resources		
Unavailable Revenue - Property Tax	\$ 3	\$ -
Deferred Inflow Related to Pension	50	878
Total Deferred Inflows of Resources	\$ 53	\$ 878
Net Position:		
Net Investment in		
Capital Assets	\$ 5,547	\$ 5,704
Restricted	340	545
Unrestricted	2,088	1,100
Total Net Position	\$ 7,975	\$ 7,349

Table II
Menard County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2023	2022
Revenues:		
Charges for Services	\$ 967	\$ 1,095
Property Taxes	2,022	1,934
Sales Tax	105	98
Other Taxes	1	44
Investment Earnings	58	1
Miscellaneous	82	168
Grants & Contributions - Operating	350	364
Grants & Contributions - Capital	934	304
Total Revenue	\$ 4,519	\$ 4,008
Expenses:		
General Administration	\$ 643	\$ 770
Financial Administration	125	107
Tax Administration	130	104
Facilities Management	74	76
Law Enforcement	1,170	894
Corrections	295	212
Emergency Management Services	29	51
Roads and Bridges	290	372
Sanitation	20	32
Administration of Justice	470	503
Juvenile Services	197	188
Health and Human Services	206	167
Recreation	24	13
Parks	51	56
Museums	2	2
Libraries	45	40
Conservation and Development	95	89
Bond and Other Interest	23	23
Capital Outlay		16
Total Expenses	\$ 3,889	\$ 3,715
Increase (Decrease) in Net Position	\$ 630	\$ 293
Net Position, Beginning	7,349	7,056
Prior Period Adjustment	(4)	
Net Position, Ending	\$ 7,975	\$ 7,349

The cost of all governmental activities this year was \$3,919,879. However, as shown in the Statement of Activities on page 11, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$1,850,449 because the other costs were paid by sales tax (\$104,708), operating and capital grants (\$1,283,827), user charges (\$966,613) and other miscellaneous (\$82,147).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$1,780,804, which is more than last year's total of \$1,042,926. Included in this year's total change in fund balance is an increase of \$350,236 in the County's General Fund. The primary reason for the General Fund's increase is due to revenues exceeding expenditures.

The Commissioners' Court adopted the General and Road and Bridge Fund Budgets. The County amended the original budget; actual revenues were less than budgeted amounts in the General Fund and less than budgeted amounts in the Road and Bridge Fund. Actual expenditures were less than the budgeted amounts in the General Fund and less than budgeted amounts in the Road and Bridge Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of September 30, 2023, the County had \$12,753,507 invested in a broad range of capital assets, including land, buildings, vehicles, equipment, other improvements, and right-to-use leased assets.

CAPITAL ASSETS

in thousands

	Governmental Activities	
	2023	2022
Land	\$ 106	\$ 106
Water Rights	38	
Buildings	7,003	7,003
Improvements	2,216	2,144
Machinery & Equipment	3,111	3,013
Construction Work in Progress	126	
Lease Assets	153	27
Total Capital Assets	\$ 12,753	\$ 12,293
Less: Accumulated Depreciation & Amortization	5,923	5,815
Capital Assets, Net	\$ 6,830	\$ 6,478

More detailed information about the County's capital assets is presented in Note 3.F. to the financial statements.

DEBT

At September 30, 2023, the County had the following outstanding debt:

OUTSTANDING DEBT

in thousands

	Governmental Activities	
	2023	2022
Bonds Payable	\$ 1,140	\$ 755
Leases Payable	12	19
SBITAs	96	
Finance Purchases Payable	34	-
Total Outstanding Debt	\$ 1,282	\$ 774

At year-end, the County had \$1,140,000 in tax notes outstanding, \$34,035 in financing purchases outstanding and \$108,280 in right-to-use leases and SBITAs payable. During the year, the County paid \$193,692 in principal on the outstanding long-term debt.

More detailed information about the County's long-term liabilities is presented in Note 3.G., 3.H., 3.I., 3.J., and 3.K. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget and tax rates. The major factors are the economy and assessed property valuation. These indicators were taken into account when adopting the budget for 2024. Amounts available for appropriation in the budget are \$3,233,876 and expenditures are estimated to be \$3,233,876.

If these estimates are realized, the County's budgetary fund balances are expected to remain the same by the close of 2024.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

	Primary Government
	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 173,802
Investments - Current	1,803,923
Taxes Receivable, Net	105,700
Accounts Receivable, Net	195,318
Due from Other Governments	161,470
Prepaid Items	73,366
Capital Assets:	
Land Purchase and Improvements	144,000
Buildings, Net	4,353,787
Improvements other than Buildings, Net	1,449,603
Furniture and Equipment, Net	649,070
Right-to-Use Lease Assets	11,821
SBITA Assets	95,723
Construction in Progress	125,608
Net Pension Asset	211,492
Total Assets	<hr/> 9,554,683 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	248,429
Total Deferred Outflows of Resources	<hr/> 248,429 <hr/>
LIABILITIES	
Accounts Payable	63,571
Wages and Salaries Payable	17,583
Intergovernmental Payable	71,266
Accrued Interest Payable	4,719
Unearned Revenues	153,521
Notes Payable - Current	7,316
Right-to-Use Leases Payable - Current	4,976
Other Current Liabilities	181,726
Noncurrent Liabilities:	
Due Within One Year	184,557
Due in More Than One Year:	
Bonds Payable - Noncurrent	1,085,466
Total Liabilities	<hr/> 1,774,701 <hr/>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	3,171
Deferred Inflow Related to Pension Plan	50,353
Total Deferred Inflows of Resources	<hr/> 53,524 <hr/>
NET POSITION	
Net Investment in Capital Assets & Lease Assets	5,547,297
Restricted:	
Restricted for Special Revenue	293,330
Restricted for Debt Service	46,274
Unrestricted	2,087,986
Total Net Position	<hr/> \$ 7,974,887 <hr/>

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

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

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Administration	\$ 642,798	\$ 80,916	\$ 53,153
Financial Administration	125,152	-	-
Tax Administration	130,057	15,413	-
Facilities Management	73,587	6,090	-
Law Enforcement	1,170,083	625,299	911
Corrections	294,754	-	-
Emergency Management Services	28,767	19,266	1,253
Roads and Bridges	289,781	134,860	18,539
Sanitation	19,816	-	-
Administration of Justice	469,747	23,119	-
Juvenile Services	197,387	-	157,160
Health and Human Services	206,122	7,706	61,387
Recreation	23,863	-	-
Parks	50,900	53,944	-
Museums	1,995	-	-
Libraries	44,875	-	-
Conservation and Development	96,315	-	57,464
Interest on Debt and Right-to-Use Leases	23,940	-	-
Debt Issuance Costs	29,790	-	-
Other Debt Service	150	-	-
TOTAL PRIMARY GOVERNMENT	\$ 3,919,879	\$ 966,613	\$ 349,867

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Penalty and Interest on Taxes

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions		Primary Government Governmental	
\$	271,740	\$	(236,989)
	-		(125,152)
	-		(114,644)
	-		(67,497)
	662,220		118,347
	-		(294,754)
	-		(8,248)
	-		(136,382)
	-		(19,816)
	-		(446,628)
	-		(40,227)
	-		(137,029)
	-		(23,863)
	-		3,044
	-		(1,995)
	-		(44,875)
	-		(38,851)
	-		(23,940)
	-		(29,790)
	-		(150)
\$	933,960		(1,669,439)

1,850,449
171,900
104,708
716
30,941
82,147
58,279
2,299,140
629,701
7,349,496
(4,310)
\$ 7,974,887

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

	General Fund	Major Fund American Relief Fund	Major Fund Road & Bridge Fund
ASSETS			
Cash and Cash Equivalents	\$ 2,581	\$ 4,887	\$ 14,198
Investments - Current	908,509	127,056	-
Taxes Receivable	98,397	-	-
Allowance for Uncollectible Taxes (credit)	(2,952)	-	-
Accounts Receivable, Net	53,621	-	-
Due from Other Governments	13,685	-	4,826
Due from Other Funds	112,470	-	-
Prepaid Items	65,967	-	6,149
Total Assets	<u>\$ 1,252,278</u>	<u>\$ 131,943</u>	<u>\$ 25,173</u>
LIABILITIES			
Accounts Payable	\$ 57,887	\$ -	\$ 5,271
Wages and Salaries Payable	15,814	-	1,588
Intergovernmental Payable	71,266	-	-
Due to Other Funds	101,303	-	-
Unearned Revenues	25,658	127,863	-
Other Current Liabilities	54,871	-	92
Total Liabilities	<u>326,799</u>	<u>127,863</u>	<u>6,951</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	95,445	-	-
Total Deferred Inflows of Resources	<u>95,445</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
Federal or State Funds Grant Restriction	-	4,080	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	-	-	18,222
Committed Fund Balance:			
Other Committed Fund Balance	2,581	-	-
Unassigned Fund Balance	827,453	-	-
Total Fund Balances	<u>830,034</u>	<u>4,080</u>	<u>18,222</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,252,278</u>	<u>\$ 131,943</u>	<u>\$ 25,173</u>

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

Major Fund Operation Lone Star	Major Fund Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 152,136	\$ 173,802
-	518,358	250,000	1,803,923
-	-	10,572	108,969
-	-	(317)	(3,269)
-	-	2,289	55,910
141,431	-	1,528	161,470
-	101,303	8,494	222,267
-	-	1,250	73,366
<u>\$ 141,431</u>	<u>\$ 619,661</u>	<u>\$ 425,952</u>	<u>\$ 2,596,438</u>
\$ -	\$ -	\$ 412	\$ 63,570
41	-	140	17,583
-	-	-	71,266
-	8,495	112,470	222,268
-	-	-	153,521
126,284	-	479	181,726
<u>126,325</u>	<u>8,495</u>	<u>113,501</u>	<u>709,934</u>
-	-	10,255	105,700
-	-	10,255	105,700
15,106	-	-	19,186
-	611,166	-	611,166
-	-	46,274	46,274
-	-	255,922	274,144
-	-	-	2,581
-	-	-	827,453
<u>15,106</u>	<u>611,166</u>	<u>302,196</u>	<u>1,780,804</u>
<u>\$ 141,431</u>	<u>\$ 619,661</u>	<u>\$ 425,952</u>	<u>\$ 2,596,438</u>

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

Total Fund Balances - Governmental Funds	\$ 1,780,804
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	5,704,165
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase net position.	1,034,673
The County is required under GASB Statement No. 68 to report their net pension liability/asset in the Government Wide Statement of Net Position. The items reported as a result of this requirement included a net pension asset of \$211,492, a deferred resource outflow of \$248,429 and a deferred resource inflow of \$50,353. The net effect of these is to increase net position.	409,568
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(468,687)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(485,636)
Net Position of Governmental Activities	\$ 7,974,887

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

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

	General Fund	Major Fund American Relief Fund	Major Fund Road & Bridge Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 1,797,962	\$ -	\$ -
General Sales and Use Taxes	104,708	-	-
Other Taxes	716	-	-
Penalty and Interest on Taxes	27,952	-	-
Licenses and Permits	6,090	-	-
Intergovernmental Revenue and Grants	379,382	153,161	9,388
Charges for Services	231,664	-	122,914
Fines	562,963	-	-
Investment Earnings	48,402	2,892	-
Rents and Royalties	-	-	900
Other Revenue	42,372	1,188	1,997
Total Revenues	3,202,211	157,241	135,199
EXPENDITURES:			
Current:			
General Administration	548,604	153,161	54,658
Financial Administration	213,813	-	-
Tax Administration	118,130	-	-
Facilities Management	66,788	-	-
Law Enforcement	604,780	-	-
Corrections	267,594	-	-
Emergency Management Services	25,045	-	-
Roads and Bridges	-	-	261,949
Sanitation	17,879	-	-
Administration of Justice	415,551	-	-
Juvenile Services	179,560	-	-
Health and Human Services	165,351	-	-
Recreation	21,544	-	-
Parks	46,217	-	-
Museums	1,800	-	-
Libraries	40,800	-	-
Conservation and Development	60,319	-	-
Debt Service:			
Principal on Debt and Right-to-Use Leases	27,337	-	-
Interest on Debt and Right-to-Use Leases	2,603	-	-
Debt Issuance Costs	-	-	-
Other Debt Service	-	-	-
Capital Outlay:			
Capital Outlay	4,554	-	15,000
Total Expenditures	2,828,269	153,161	331,607
Excess (Deficiency) of Revenues Over (Under) Expenditures	373,942	4,080	(196,408)
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	-	-	-
Sale of Real and Personal Property	-	-	48,925
Noncurrent Loans	-	-	-
Transfers In	-	-	145,000
Proceeds from SBITAs	101,294	-	-

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

Major Fund Operation Lone Star	Major Fund Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 196,122	\$ 1,994,084
-	-	-	104,708
-	-	-	716
-	-	2,989	30,941
-	-	-	6,090
662,220	-	79,675	1,283,826
-	-	30,738	385,316
-	-	12,245	575,208
-	6,985	-	58,279
-	-	-	900
-	-	14,192	59,749
662,220	6,985	335,961	4,499,817
-	-	2,968	759,391
-	-	-	213,813
-	-	-	118,130
-	-	-	66,788
689,126	-	1,206	1,295,112
-	-	-	267,594
-	-	11,291	36,336
-	-	1,193	263,142
-	-	-	17,879
-	-	12,734	428,285
-	-	-	179,560
-	-	21,517	186,868
-	-	-	21,544
-	-	-	46,217
-	-	-	1,800
-	-	-	40,800
-	-	58,464	118,783
20,227	-	146,128	193,692
2,005	-	16,521	21,129
-	29,790	-	29,790
-	-	150	150
-	181,902	-	201,456
711,358	211,692	272,172	4,508,259
(49,138)	(204,707)	63,789	(8,442)
-	530,000	-	530,000
-	-	-	48,925
41,160	-	-	41,160
-	-	10,000	155,000

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

	General Fund	Major Fund American Relief Fund	Major Fund Road & Bridge Fund
Transfers Out	(125,000)	-	-
Total Other Financing Sources (Uses)	(23,706)	-	193,925
Net Change in Fund Balances	350,236	4,080	(2,483)
Fund Balance - October 1 (Beginning)	479,798	-	20,705
Fund Balance - September 30 (Ending)	<u>\$ 830,034</u>	<u>\$ 4,080</u>	<u>\$ 18,222</u>

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

Major Fund Operation Lone Star	Major Fund Capital Projects	Other Funds	Total Governmental Funds
23,084	-	1,857	126,235
-	-	(30,000)	(155,000)
64,244	530,000	(18,143)	746,320
15,106	325,293	45,646	737,878
-	285,873	256,550	1,042,926
<u>\$ 15,106</u>	<u>\$ 611,166</u>	<u>\$ 302,196</u>	<u>\$ 1,780,804</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$ 737,878
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase the change in net position.	1,034,673
The entries required by GASB Statement No. 68 did require that some expenses on B-1 be adjusted. The net effect on the change in net position on Exhibit B-1 is an increase in net position.	20,545
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(468,686)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(694,709)
Change in Net Position of Governmental Activities	\$ 629,701

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

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

	Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 237,998
Total Assets	<u>237,998</u>
NET POSITION	
Restricted for Other Purposes	<u>237,998</u>
Total Net Position	<u><u>\$ 237,998</u></u>

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

MENARD COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT E-2

	Custodial Funds
ADDITIONS:	
Charges for Services	\$ 4,022,923
Total Additions	<u>4,022,923</u>
DEDUCTIONS:	
Other Operating Costs	<u>4,378,572</u>
Total Deductions	<u>4,378,572</u>
Net Change in Fiduciary Net Position	(355,649)
Total Net Position - October 1 (Beginning)	<u>593,647</u>
Total Net Position - September 30 (Ending)	<u><u>\$ 237,998</u></u>

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

MENARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Menard County have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

1.A. FINANCIAL REPORTING ENTITY

The County is an independent unit and is managed by a governing body of elected officials. The accompanying financial statements present the County's primary government.

The County Commissioners are elected by registered voters of the County and have oversight responsibility in that they have decision-making authority, the ability to significantly influence operations and primary accountability for fiscal matters. All functions and activities over which the commissioners exercise oversight responsibility have been included in the reporting entity. There are no component units included within the reporting entity.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds

The Debt Service Fund accounts for the accumulation of financial resources for and the payment of principal and interest on general long-term debt of the County other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the County's debt.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources that are restricted, committed or assigned to expenditures for the acquisition and construction of major capital facilities and other capital assets.

Fiduciary Funds (Not included in government-wide statements)

Custodial Funds

Custodial funds account for assets held by the County in a purely custodial capacity. The reporting entity includes one custodial fund.

Private Purpose Trust Funds

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The reporting entity includes one private purpose trust fund.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor. The major funds are as follows:

Major Fund	Brief Description
<u>General Fund</u>	See above for description.
<u>Special Revenue Fund:</u>	
American Relief Fund	Accounts for grant proceeds and related expenditures for funds appropriated from the American Rescue Plan Act (ARPA).
Road & Bridge Fund	Accounts for all road and bridge construction and maintenance activity.
Operation Lone Star Fund	Accounts for grant proceeds and related expenditures for funds appropriated from the Office of the Governor's Operation Lone Star Grant Program.
<u>Capital Projects Fund</u>	Accounts for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor funds consist of special revenue funds and the debt service fund and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Custodial and private purpose trust funds utilize the economic resource measurement focus.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statement, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Cash and Cash Investments

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes demand deposit accounts and government investment pools. All amounts are considered available upon demand and are considered to be "cash equivalents."

Investments includes certificates of deposit, money market accounts and government investment pools.

Several funds may be invested in an investment account and each fund has an equity interest therein. Interest earned on the Investment of these monies is allocated based upon relative equity at month end.

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."

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities relate to property taxes and court fines and fees.

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

Ad Valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Ad Valorem taxes are prorated between maintenance, and special revenues based on rates adopted for the year of the levy. Allowances for uncollectible within the General and Special Revenue Funds are based upon historical experience in collecting property taxes. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

Ad Valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable October 1, and are delinquent February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that County property tax revenue results in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants, and other intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Capital Assets

Government-wide Statements

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 - 50 years
Improvements	10 - 50 years
Machinery and Equipment	3 - 20 years
Infrastructure	25 - 50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term Obligations

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

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

Compensated Absences

Vacation and Sick Leave - Vacation and sick leave expenses are charged to operations when taken by the employees of the County. Accordingly, no accruals are reflected in the accounts for unpaid amounts of vacation and sick leave earned by employees. After one year of service an employee is entitled to two weeks of vacation. If the employee does not take the vacation within the year, they will lose the benefit. If an employee is terminated for any reason they will be entitled to payment for the vacation they have earned. The liabilities for accumulated vacation and sick leave at September 30, 2023 are estimated to be insignificant and are not reflected in the accompanying financial statements.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definition" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. Commissioners' Court). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commissioners' Court establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Commissioners' Court through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

The County's fund balances policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

Net Position

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

Pensions

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

Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in a separate section following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Revenues not expected to be available for current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Use of Estimates

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

Implementation of GASB Statement No. 87

As of October 1, 2021, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Disclosure required by this standards are included in Note 3.J.

Implementation of GASB Statement No. 96

As of October 1, 2022, the County adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The standard requires recognition of right-to-use subscription assets and liabilities for SBITAs that previously were classified as operating expenditures based on the payment provisions of the contract. The disclosures required by this standard are included in Note 3.K.

I.E. REVENUES, EXPENDITURES AND EXPENSES

Revenues

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent, they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the County is subject to various federal, state and local laws and contractual regulations. An analysis of the County's compliance with significant laws and regulations and demonstration of its stewardship over County resources follows.

BUDGETARY INFORMATION

The County Judge and staff prepare the proposed budget, using revenue estimates furnished by the County Treasurer and submit the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, expenditures for current operating funds cannot exceed the estimated available cash balances in such funds on October 1, plus the estimate of revenues for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected revenues. Commissioners Court may transfer amounts among individual budget line items within major expenditure categories during the year, but no such transfer may increase the overall total of the budget. Formal budgetary integration is employed for the General, Special Revenue, Debt Service and Capital Projects operations. Budgets for these funds are prepared on a cash basis. Unused appropriations lapse at the end of each year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

3.A. DEPOSITS AND INVESTMENTS

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis

during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2023 the carrying amount of the County's deposits was \$173,802 and the bank balance was \$93,132. The County's cash deposits held at First State Bank and Menard National Bank at September 30, 2023 and during the year ended September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (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 and guaranteed investment contracts. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County was not in compliance with the act at year end.

The County's temporary investments consisted of certificates of deposit at September 30, 2023 and is shown below:

<u>Name</u>		<u>Carrying</u>	<u>Market Value</u>	<u>FDIC</u>	<u>Pledged</u>
<u>Certificates of Deposit-</u>					
Menard Bank	\$	1,803,923	\$ 1,803,923	\$ -	\$ 1,803,923

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the County has adopted a deposit and investment policy. The County failed to have the investment policy reviewed and approved during the year. That policy does address the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the County was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

For the year ended September 30, 2023 the County did not comply, in all material respects, with the requirements of the Public Funds Investment Act and with local policies.

3.B. RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Road and Bridge</u>	<u>Operation Lone Star</u>	<u>Other Governmental Funds</u>	<u>TOTAL</u>
Receivables:					
Property Taxes	\$ 98,397	\$ -	\$ -	\$ 10,572	\$ 108,969
Other	53,621		-	2,289	55,910
Intergovernmental	<u>13,685</u>	<u>4,826</u>	<u>141,431</u>	<u>1,528</u>	<u>161,470</u>
Gross Receivables	\$ 165,703	\$ 4,826	\$ 141,431	\$ 14,389	\$ 326,349
Less: Allowance for Uncollectibles	<u>2,952</u>	<u>-</u>	<u>-</u>	<u>317</u>	<u>3,269</u>
Net Total Receivables	<u>\$ 162,751</u>	<u>\$ 4,826</u>	<u>\$ 141,431</u>	<u>\$ 14,072</u>	<u>\$ 323,080</u>

3.C. COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be \$1,762,113 which represents amounts owed and outstanding for several years. Based on historical collection rates for the various courts, the County has estimated an allowance for uncollectible court fines and fees of \$1,622,705, resulting in a net receivable of \$139,408.

3.D. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow or resource (revenue) until that time.

Deferred outflows on the Statement of Net Position consists of the TCDRS pension deferred outflow of \$248,429 (see note 4.A.).

Deferred inflows on the Statement of Net Position consists of the TCDRS pension deferred outflow of \$50,353 (see note 4.A.).

Governmental funds reported Deferred Inflows of Resources – Unavailable Revenues in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also reported Unearned Revenue or deferred revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, Unavailable and Unearned Revenues reported in the governmental funds were as follows:

	Unearned Revenue	Unavailable Revenue
General Fund -		
Unavailable Revenue - Property Taxes		\$ 95,445
Unearned Revenue	\$ 25,658	
American Relief Fund		
Unearned Revenue	127,863	
Other Governmental Funds -		
Unavailable Revenue - Property Taxes		10,255
TOTAL UNAVAILABLE AND UNEARNED REVENUES	<u>\$ 153,521</u>	<u>\$ 105,700</u>

3.E. PROPERTY TAXES

The County contracted with the Menard County Appraisal District for the appraisal of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2022 tax roll, the total assessed valuation for Menard County was \$274,020,660 and the taxes assessed amounted to \$1,984,970. The total tax rate was \$.73568 per \$100 valuation and allocated \$.66488 to the General and \$.06227 to the Debt Service Fund. In addition, for the 2022 tax roll, the total assessed valuation for Menard County FCLR was \$276,014,067 and the taxes assessed amounted to \$23,544. The total tax rate was \$.00853. The maximum levy allowed by the State law for the above purposes is \$0.80 per \$100 valuation.

Ad valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Ad valorem taxes are prorated between maintenance & operations and interest & sinking based on rates adopted for the year of the levy. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

3.F. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2023.

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 106,000	\$ -	\$ -	\$ 106,000
Water Rights		38,000		38,000
Buildings	7,003,283	-	-	7,003,283
Improvements	2,143,525	72,342	-	2,215,867
Machinery & Equipment	3,012,698	483,454	384,980	3,111,172
Construction Work in Progress	-	125,608	-	125,608
Totals at Historic Cost	<u>\$ 12,265,506</u>	<u>\$ 719,404</u>	<u>\$ 384,980</u>	<u>\$ 12,599,930</u>
Less Accumulated Depreciation for:				
Buildings	2,472,842	176,654	-	2,649,496
Improvements	686,303	79,961	-	766,264
Machinery & Equipment	2,647,616	174,006	359,521	2,462,101
Total Accumulated Depreciation	<u>\$ 5,806,761</u>	<u>\$ 430,621</u>	<u>\$ 359,521</u>	<u>\$ 5,877,861</u>
Total Capital Assets being Depreciated, Net	<u>\$ 6,458,745</u>	<u>\$ 288,783</u>	<u>\$ 25,459</u>	<u>\$ 6,722,069</u>
Right-to-Use Lease Assets being Amortized				
Equipment	\$ 27,341	\$ -	\$ -	\$ 27,341
SBITAs		126,236		126,236
Total Right-to-Use Lease Assets	<u>\$ 27,341</u>	<u>\$ 126,236</u>	<u>\$ -</u>	<u>\$ 153,577</u>
Less Accumulated Amortization for:				
Equipment	\$ 7,969	7,551	\$ -	\$ 15,520
SBITAs		30,513		30,513
Total Accumulated Amortization	<u>\$ 7,969</u>	<u>\$ 38,064</u>	<u>\$ -</u>	<u>\$ 46,033</u>
Total Right-to-Use Assets being Amortized, Net	<u>\$ 19,372</u>	<u>\$ 88,172</u>	<u>\$ -</u>	<u>\$ 107,544</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,478,117</u>	<u>\$ 376,955</u>	<u>\$ 25,459</u>	<u>\$ 6,829,613</u>

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

Governmental Activities:	
Financial Administration	\$ 13,731
General Administration	89,525
Tax Administration	12,797
Emergency Management	4,064
Law Enforcement	134,942
Parks	4,683
Corrections	28,736
Roads & Bridges	28,086
Sanitation	1,937
Justice System	46,078
Juvenile Services	19,452
Health & Human Services	19,868
Recreation	2,319
Conservation & Development	12,951
Museums	195
Facilities Management	6,837
Libraries	4,420
Total Depreciation Expense-	
Governmental Activities	<u>\$ 430,621</u>

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

General Administration	\$ 9,516
Law Enforcement	28,548
Total Amortization Expense-	
Governmental Activities	<u>\$ 38,064</u>

3.G. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Limited Tax Refunding Bonds-					
Series 2013	\$ 90,000	\$ -	\$ 90,000	\$ -	\$ -
Limited Tax Note-					
Series 2018	260,000	-	35,000	225,000	110,000
Limited Tax Note-					
Series 2021	405,000	-	20,000	385,000	35,000
Tax Note -					
Series 2023		530,000		530,000	5,000
Financing Purchase - Motorola		41,160	7,125	34,035	7,316
Right-to-Use Leases Payable	19,302	-	7,504	11,798	4,976
SBITAs		130,545	34,063	96,482	34,557
Total Governmental Activities	<u>\$ 774,302</u>	<u>\$ 701,705</u>	<u>\$ 193,692</u>	<u>\$ 1,282,315</u>	<u>\$ 196,849</u>

3.H. TAX REFUNDING BONDS AND LIMITED TAX NOTES

Tax Refunding Bonds and Limited Tax Notes payable at September 30, 2023 consists of the following:

\$325,000 Limited Tax Note, Series 2018 due in annual installments of \$10,000 to \$115,000 through February 15, 2025, interest rate at 3.48%.	\$ 225,000
\$425,000 Limited Tax Note, Series 2021 due in annual installments of \$20,000 to \$105,000 through August 15, 2028, interest rate at 1.69%.	385,000
\$530,000 Tax Note, Series 2023 due in annual installments of \$5,000 to 180,000 Through August 15, 2030, interest rate at 4.460%.	<u>530,000</u>
Total Limited Tax Refunding Bonds and Limited Tax Notes	<u>\$ 1,140,000</u>

The annual requirements for principal and interest on the outstanding certificates of obligation are as follows:

Year Ended September 30	Principal	Interest	Total
2024	150,000	35,075	185,075
2025	155,000	31,333	186,333
2026	160,000	28,516	188,516
2027	160,000	24,290	184,290
2028	165,000	20,060	185,060
2029-2030	350,000	23,638	373,638
Totals	<u>\$ 1,140,000</u>	<u>\$ 162,912</u>	<u>\$ 1,302,912</u>

3.I. FINANCE PURCHASE AGREEMENT

In November 2022 the County signed a finance purchase agreement with Motorola Solutions, Inc. in the amount of \$41,160 for the purchase of body camera and software for law enforcement. The purchase is due in annual installments of \$8,232 (including 2.69% interest) for a period of 5 years.

Finance purchase agreement payable requirements are as follows:

Year Ended September 30	Principal	Interest	Total
2024	7,316	916	8,232
2025	7,513	719	8,232
2026	7,715	517	8,232
2027	7,923	309	8,232
2028	3,568	96	3,664
Totals	<u>\$ 34,035</u>	<u>\$ 2,557</u>	<u>\$ 36,592</u>

3.J. RIGHT-TO-USE LEASES PAYABLE

The County entered into multiple agreement that are considered “right-to-use” lease. These leases are for County equipment.

Annual requirements to amortize right-to-use leases payable and related interest are as follows:

Year Ended September 30	Principal	Interest	Total
2024	4,976	127	5,103
2025	4,656	52	4,708
2026	2,166	8	2,174
Totals	<u>\$ 11,798</u>	<u>\$ 187</u>	<u>\$ 11,985</u>

3.K. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

On October 1, 2022, the County entered into a 36 month subscription with Fifth Asset, Inc. for the use of Debtbook lease software. An initial subscription liability was recorded in the amount of \$18,691. As of September 30, 2023 the value of the subscription liability is \$12,386, and the value of the short-term subscription liability is \$6,097. The County is required to make annual fixed payments of \$6,500. The subscription has an interest rate of 3.3470% and terminates September 30, 2025.

On October 1, 2022, the County entered into a 72 month subscription with Financial Intelligence, LLC for the use of financial software. An initial subscription liability was recorded in the amount of \$81,011. As of September 30, 2023 the value of the subscription liability is \$68,421, and the value of the short-term subscription liability is \$12,785. The County is required to make annual fixed payments of \$14,880. The subscription has an interest rate of 3.3470% and terminates September 30, 2028.

On March 17, 2022, the County entered into a 36 month subscription with Kologik SaaS Solution for the use of law enforcement software. An initial subscription liability was recorded in the amount of \$30,843. As of September 30, 2023 the value of the subscription liability is \$15,675, and the value of the short-term subscription liability is \$15,675. The County is required to make annual fixed payments of \$16,200. The subscription has an interest rate of 3.3470% and terminates March 16, 2025.

Remaining obligations associated with the SBITAs as of September 30, 2023 was as follows:

Year Ended September 30	Principal	Interest	Total
2024	34,557	3,023	37,580
2025	19,509	1,871	21,380
2026	13,669	1,211	14,880
2027	14,133	747	14,880
2028	14,614	266	14,880
Totals	\$ 96,482	\$ 7,118	\$ 103,600

3.L. INTERFUND BALANCES

The composition of interfund balances as of September 30, 2023, is as follows:

	Transfers In	Transfers Out
General Fund		\$ 125,000
Road and Bridge Fund	145,000	
Operation Lone Star Fund		
Capital Projects Fund		
Other Funds	10,000	30,000
	<u>\$ 155,000</u>	<u>\$ 155,000</u>

	Receivable	Payable
General Fund	\$ 112,470	\$ 101,303
Capital Projects Fund	101,303	8,495
Other Funds	8,495	112,470
Total	<u>\$ 222,268</u>	<u>\$ 222,268</u>

NOTE 4 - OTHER NOTES

4.A. EMPLOYEE RETIREMENT PLAN

Plan Description

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Menard County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 165%)

- and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
 - d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Menard County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2023 are shown in the Schedule of Employer Contributions.
 - e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [TCDRS.org/Employer](https://www.tcdrs.org/Employer).

Members covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	57
Active employees	<u>56</u>
	146

Contributions

A combination of three elements fund each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and cost based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

The contribution rate payable by the employee members for calendar year 2023 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2023 were \$129,805, and were more than the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percent of pay) ⁽¹⁾
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smooth Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost of Living Adjustments	Cost-of-Living Adjustments for Menard County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60; b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Pub-2010 Mortality Tables
Adjustment for Plans with the Partial-Lump Sum Payment Option	Same as funding valuation. For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

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

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

Note that 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 horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

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

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

(2) Geometric real rates of return in addition to assumed inflation of 2.3% per Cliffwater's 2023 capital market

(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 discount rate used to measure the Total Pension Liability was 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

In order to determine the discount rate to be used by the employer TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to project benefits payments. Based on the expected level of cash flows and investment returns to the systems, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2021	\$ 5,652,632	\$ 6,719,953	\$ (1,067,321)
Changes for the Year:			
Service Cost	205,798		205,798
Interest on Total Pension Liability ⁽¹⁾	432,948		432,948
Effect of Plan Changes ⁽²⁾	-		-
Effects of Economic/Demographic			
Gains or Losses	51,084		51,084
Effect of Assumptions Changes or Inputs	-		-
Refund of Contributions	(1,631)	(1,631)	-
Benefit Payments	(327,898)	(327,898)	-
Administrative Expenses		(3,648)	3,648
Member Contributions		101,243	(101,243)
Net Investment Income		(385,567)	385,567
Employer Contributions		130,169	(130,169)
Other ⁽³⁾		(8,198)	8,198
Balances as of December 31, 2022	\$ 6,012,933	\$ 6,224,425	\$ (211,492)

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

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$ 6,706,155	\$ 6,012,933	\$ 5,424,775
Fiduciary Net Position	6,224,425	6,224,425	6,224,425
Net Pension Liability/(Asset)	\$ 481,730	\$ (211,492)	\$ (799,650)

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

For the year ended September 30, 2023 the County's pension expense was (\$109,228).

Prepaid Expense/(Income)	January 1, 2022 to December 31, 2022
Service Cost	\$ 205,798
Interest on Total Pension Liability ⁽¹⁾	432,948
Effect of Plan Changes	-
Administrative Expenses	3,648
Member Contributions	(101,243)
Expected Investment Return Net of Investment Expenses	(506,614)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(24,769)
Recognition of Assumption Changes or Inputs	79,452
Recognition of Investment Gains or Losses	11,811
Other ⁽²⁾	8,198
Pension Expense/(Income)	\$ 109,228

⁽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.

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

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 29,154	\$ 40,867
Changes of assumptions	21,199	-
Net difference between projected and actual earnings	-	113,134
Contributions made subsequent to measurement date	-	94,428

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

Year Ended December 31

2023	(93,728)
2024	(19,809)
2025	28,532
2026	188,653
2027	-
Thereafter ⁽³⁾	-

⁽³⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

4.B. RISK MANAGEMENT

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers compensation. The county carries commercial insurance through the Texas Association of Counties for workers compensation and for other coverages in order to manage the above listed risks.

4.C. HEALTH INSURANCE

All regular full-time employees of the County are eligible for coverage under the group hospitalization, medical, dental and life insurance program provided by the County. The County pays the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

4.D. CONTINGENT LIABILITIES

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

4.E. RELATED PARTY

In the ordinary course of business, the County has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral as those prevailing at the time of comparable transactions with other person and did not involve more than a normal risk of collectability or present any other unfavorable features to the County.

4.F. DEFERRED COMPENSATION PLAN

The County offers all its employees a deferred compensation program through Nationwide Retirement Solutions, Inc. The plan, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County does not contribute to this plan. All contributions are made by the employees who elect to participate in the plan. The County remits employee contributions to the plan trustee on a regular basis. The County does not administer the Section 457 plan, nor does it provide the investment advice to the plan. Accordingly, the Section 457 plan is not part of the County's reporting entity.

The County has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

At September 30, 2023, the participants had a balance of \$153,128 in the plan.

4.G. TAX ABATEMENT AGREEMENT

In March of 2019, the County created the County Reinvestment Zone No. 001 pursuant to Section 312 of the Texas Property Code. The County entered into a tax abatement agreement with Lampwick Solar, LLC for a period of eight (8) years. The County granted a partial abatement of County property taxes based on the increase in the taxable value of the property attributable to the project over the base year taxable value. The percentage abatement is 80% for years 1-6 and 60% for years 7 and 8.

4.H. UNEARNED REVENUE

Unspent American Rescue Plan Act Funds in the amount of \$127,863 are classified as unearned revenue in the American Rescue Plan Fund. The funds are for response to the COVID-19 public health emergency.

The fiscal year 2023 County Attorney salary supplement in the amount of \$23,333 was received before year end and is recorded as unearned revenue in the General Fund.

4.I. PRIOR PERIOD ADJUSTMENT/ADOPTION OF NEW STANDARD

For fiscal year 2023, the County adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The standard requires recognition of right-to-use subscription assets and liabilities for SBITAs that previously were classified as operating expenditures based on the payment provisions of the contract.

Beginning net position for the governmental activities was restated to retroactively adopt the provisions of GASB Statement No. 96. Net position previously reported was \$7,349,496. The prior period adjustment related to adoption of GASB 96 was \$4,310. Restated net position is \$7,345,186.

4.J. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures in the General Fund exceeded the budget appropriations in eight functions but not in total.

4.K. SUBSEQUENT EVENTS

The County has evaluated subsequent events through October 4, 2024 the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,785,470	\$ 1,785,470	\$ 1,797,962	\$ 12,492
General Sales and Use Taxes	94,770	94,770	104,708	9,938
Other Taxes	400	400	716	316
Penalty and Interest on Taxes	66,126	66,126	27,952	(38,174)
Licenses and Permits	10,700	10,700	6,090	(4,610)
Intergovernmental Revenue and Grants	372,450	372,450	379,382	6,932
Charges for Services	185,450	185,450	231,664	46,214
Fines	674,400	674,400	562,963	(111,437)
Investment Earnings	400	400	48,402	48,002
Other Revenue	47,900	47,900	42,372	(5,528)
Total Revenues	3,238,066	3,238,066	3,202,211	(35,855)
EXPENDITURES:				
Current:				
General Administration	716,786	716,786	548,604	168,182
Financial Administration	209,156	214,910	213,813	1,097
Tax Administration	232,945	232,945	118,130	114,815
Facilities Management	68,235	68,235	66,788	1,447
Law Enforcement	785,162	785,162	604,780	180,382
Corrections	239,476	239,476	267,594	(28,118)
Emergency Management Services	29,066	29,066	25,045	4,021
Sanitation	-	-	17,879	(17,879)
Administration of Justice	466,917	466,917	415,551	51,366
Juvenile Services	181,070	181,070	179,560	1,510
Health and Human Services	141,436	141,436	165,351	(23,915)
Recreation	18,950	18,950	21,544	(2,594)
Parks	37,800	37,800	46,217	(8,417)
Museums	1,800	1,800	1,800	-
Libraries	41,017	41,017	40,800	217
Conservation and Development	100,455	100,455	60,319	40,136
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	27,337	(27,337)
Interest on Debt and Right-to-Use Leases	-	-	2,603	(2,603)
Capital Outlay:				
Capital Outlay	2,700	2,700	4,554	(1,854)
Total Expenditures	3,272,971	3,278,725	2,828,269	450,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,905)	(40,659)	373,942	414,601
OTHER FINANCING SOURCES (USES):				
Proceeds from SBITAs	-	-	101,294	101,294
Transfers Out	(193,595)	(193,595)	(125,000)	68,595
Total Other Financing Sources (Uses)	(193,595)	(193,595)	(23,706)	169,889
Net Change in Fund Balances	(228,500)	(234,254)	350,236	584,490
Fund Balance - October 1 (Beginning)	479,798	479,798	479,798	-
Fund Balance - September 30 (Ending)	\$ 251,298	\$ 245,544	\$ 830,034	\$ 584,490

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

MENARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ 26,500	\$ 26,500	\$ 9,388	\$ (17,112)
Charges for Services	120,000	120,000	122,914	2,914
Rents and Royalties	900	900	900	-
Other Revenue	-	-	1,997	1,997
Total Revenues	147,400	147,400	135,199	(12,201)
EXPENDITURES:				
Current:				
General Administration	65,540	65,927	54,658	11,269
Roads and Bridges	314,465	319,065	261,949	57,116
Capital Outlay:				
Capital Outlay	1,000	35,325	15,000	20,325
Total Expenditures	381,005	420,317	331,607	88,710
Excess (Deficiency) of Revenues Over (Under) Expenditures	(233,605)	(272,917)	(196,408)	76,509
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	10,000	48,925	48,925	-
Transfers In	223,605	223,605	145,000	(78,605)
Total Other Financing Sources (Uses)	233,605	272,530	193,925	(78,605)
Change in Fund Balance	-	(387)	(2,483)	(2,096)
Fund Balance - October 1 (Beginning)	20,705	20,705	20,705	-
Fund Balance - September 30 (Ending)	\$ 20,705	\$ 20,318	\$ 18,222	\$ (2,096)

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

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 205,798	\$ 185,233	\$ 177,313
Interest (on the Total Pension Liability)	432,948	419,391	410,245
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	51,084	(58,308)	(107,969)
Changes of Assumptions	-	(42,397)	270,151
Benefit Payments, Including Refunds of Employee Contributions	(329,528)	(362,082)	(247,941)
Net Change in Total Pension Liability	\$ 360,302	\$ 141,837	\$ 501,799
Total Pension Liability - Beginning	5,652,632	5,510,794	5,008,995
Total Pension Liability - Ending	\$ 6,012,934	\$ 5,652,631	\$ 5,510,794
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 130,169	\$ 118,535	\$ 125,433
Contributions - Employee	101,243	92,016	100,571
Net Investment Income	(385,567)	1,224,375	531,770
Benefit Payments, Including Refunds of Employee Contributions	(329,528)	(362,082)	(247,941)
Administrative Expense	(3,648)	(3,636)	(4,137)
Other	(8,198)	(2,736)	(139)
Net Change in Plan Fiduciary Net Position	\$ (495,529)	\$ 1,066,472	\$ 505,557
Plan Fiduciary Net Position - Beginning	6,719,953	5,653,481	5,147,923
Plan Fiduciary Net Position - Ending	\$ 6,224,424	\$ 6,719,953	\$ 5,653,480
C. Net Pension Liability (Asset)	\$ (211,490)	\$ (1,067,322)	\$ (142,686)
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.52%	118.88%	102.59%
E. Covered Payroll	\$ 1,446,330	\$ 1,314,511	\$ 1,436,732
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	(14.62%)	(81.20%)	(9.93%)

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

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

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	146,602	\$	151,634	\$	162,089	\$	161,341	\$	149,860	\$	141,059
	378,771		361,192		338,778		307,652		296,397		276,864
	-		-		-		-		51,701		-
	62,320		(75,659)		(51,917)		31,047		(170,816)		(30,234)
	-		-		51,674		-		41,643		-
	(212,422)		(217,709)		(209,341)		(188,600)		(190,743)		(202,283)
\$	375,271	\$	219,458	\$	291,283	\$	311,440	\$	178,042	\$	185,406
	4,633,724		4,414,266		4,122,983		3,811,542		3,633,499		3,448,092
\$	5,008,995	\$	4,633,724	\$	4,414,266	\$	4,122,982	\$	3,811,541	\$	3,633,498
\$	111,982	\$	102,349	\$	103,812	\$	109,962	\$	107,391	\$	103,564
	89,586		81,879		83,049		87,970		85,913		82,851
	728,189		(85,270)		583,417		273,042		8,270		241,758
	(212,422)		(217,709)		(209,341)		(188,600)		(190,743)		(202,283)
	(3,923)		(3,562)		(3,031)		(2,966)		(2,684)		(2,837)
	(346)		(540)		(330)		28,693		(88,664)		(42,060)
\$	713,066	\$	(122,853)	\$	557,576	\$	308,101	\$	(80,517)	\$	180,993
	4,434,165		4,557,018		3,999,441		3,691,339		3,771,856		3,590,862
\$	5,147,231	\$	4,434,165	\$	4,557,017	\$	3,999,440	\$	3,691,339	\$	3,771,855
\$	(138,236)	\$	199,559	\$	(142,751)	\$	123,542	\$	120,202	\$	(138,357)
	102.76%		95.69%		103.23%		97.00%		96.85%		103.81%
\$	1,279,794	\$	1,169,697	\$	1,186,421	\$	1,256,714	\$	1,227,324	\$	1,183,592
	(10.80%)		17.06%		(12.03%)		9.83%		9.79%		(11.69%)

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

	2023	2022	2021
Actuarially Determined Contribution	\$ 116,285	\$ 92,279	\$ 103,301
Contributions in Relation to the Actuarially Determined Contributions	130,169	118,535	125,433
Contribution Deficiency (Excess)	\$ (13,884)	\$ (26,256)	\$ (22,132)
Covered Employee Payroll	\$ 1,446,330	\$ 1,314,511	\$ 1,436,732
Contributions as a Percentage of Covered Employee Payroll	9.00%	9.00%	8.70%

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

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

2020	2019	2018	2017	2016	2015	2014
\$ 95,985	\$ 89,599	\$ 89,575	\$ 104,433	\$ 99,413	\$ 101,671	\$ 96,887
111,982	102,349	103,812	109,962	107,391	103,564	96,887
\$ (15,997)	\$ (12,750)	\$ (14,237)	\$ (5,529)	\$ (7,978)	\$ (1,893)	-
\$ 1,279,794	\$ 1,169,697	\$ 1,186,421	\$ 1,256,714	\$ 1,227,324	\$ 1,183,592	\$ 1,107,282
8.80%	8.80%	8.80%	8.70%	8.80%	8.70%	8.70%

MENARD COUNTY
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2023

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	4.2 years (based on contribution rate calculated in 12/31/2022 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 were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule.
	2016: Employer contributions reflect that a 10% CPI COLA was adopted.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.
	2019: No changes in plan provisions were reflected in the Schedule.
	2020: No changes in plan provisions were reflected in the Schedule.
	2021: No changes in plan provisions were reflected in the Schedule.
	2022: No changes in plan provisions were reflected in the Schedule.

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

SUPPLEMENTARY INFORMATION

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

	Development Fund	Veteran's Assistance Fund	Lateral Road Fund	Jury Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 156	\$ 3,786	\$ 828
Investments - Current	-	-	-	-
Taxes Receivable	-	-	1,314	-
Allowance for Uncollectible Taxes (credit)	-	-	(39)	-
Accounts Receivable, Net	-	-	87	-
Due from Other Governments	-	1,528	-	-
Due from Other Funds	-	-	-	-
Prepaid Items	-	1,250	-	-
Total Assets	<u>\$ -</u>	<u>\$ 2,934</u>	<u>\$ 5,148</u>	<u>\$ 828</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 412	\$ -	\$ -
Wages and Salaries Payable	-	118	-	-
Due to Other Funds	-	-	-	-
Other Current Liabilities	-	-	-	-
Total Liabilities	<u>-</u>	<u>530</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	1,274	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,274</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Retirement of Long-Term Debt	-	-	-	-
Other Restricted Fund Balance	-	2,404	3,874	828
Total Fund Balances	<u>-</u>	<u>2,404</u>	<u>3,874</u>	<u>828</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 2,934</u>	<u>\$ 5,148</u>	<u>\$ 828</u>

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

JP Court Tech Fund	County & District Crt Tech Fund	Judicial Ed & Support Fund	Court Reporter SVC Fund	Appellate Judicial Fund	Alt Dispute Resolution Fund	Court Initiated Guardianship	Truancy Prevention Fund
\$ 22,995	\$ 36	\$ 40	\$ 3,374	\$ 399	\$ 1,245	\$ 308	\$ 15,813
35,000	-	-	28,000	-	7,000	3,000	57,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
625	-	-	15	5	20	-	103
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 58,620</u>	<u>\$ 36</u>	<u>\$ 40</u>	<u>\$ 31,389</u>	<u>\$ 404</u>	<u>\$ 8,265</u>	<u>\$ 3,308</u>	<u>\$ 72,916</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	-	-	-	-	-	-	-
34,106	-	-	-	-	-	-	41,075
-	-	-	-	-	-	-	479
<u>34,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,554</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
24,492	36	40	31,389	404	8,265	3,308	31,362
<u>24,492</u>	<u>36</u>	<u>40</u>	<u>31,389</u>	<u>404</u>	<u>8,265</u>	<u>3,308</u>	<u>31,362</u>
<u>\$ 58,620</u>	<u>\$ 36</u>	<u>\$ 40</u>	<u>\$ 31,389</u>	<u>\$ 404</u>	<u>\$ 8,265</u>	<u>\$ 3,308</u>	<u>\$ 72,916</u>

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

	Language Access Fund	Records Management Fund	Clerks Archival Fund	Courthouse Restoration Fund
ASSETS				
Cash and Cash Equivalents	\$ 212	\$ 12,615	\$ 12,051	\$ 3,036
Investments - Current	-	35,000	25,000	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Accounts Receivable, Net	-	340	310	75
Due from Other Governments	-	-	-	-
Due from Other Funds	-	-	-	8,494
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 212</u>	<u>\$ 47,955</u>	<u>\$ 37,361</u>	<u>\$ 11,605</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Other Current Liabilities	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Retirement of Long-Term Debt	-	-	-	-
Other Restricted Fund Balance	212	47,955	37,361	11,605
Total Fund Balances	<u>212</u>	<u>47,955</u>	<u>37,361</u>	<u>11,605</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 212</u>	<u>\$ 47,955</u>	<u>\$ 37,361</u>	<u>\$ 11,605</u>

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

Courthouse Security Fund	Court Facility Fee Fund	County Law Library Fund	Sheriff's Special Fund	County Attorney CC&P Fund	Pre-Trial Intervention Fund	LEOSE Constable Fund	Total Nonmajor Special Revenue Funds
\$ 11,632	\$ 440	\$ 855	\$ 15,257	\$ 60	\$ 1,247	\$ 185	\$ 106,570
45,000	-	-	-	-	15,000	-	250,000
-	-	-	-	-	-	-	1,314
-	-	-	-	-	-	-	(39)
-	-	-	-	-	-	-	1,580
-	-	-	-	-	-	-	1,528
-	-	-	-	-	-	-	8,494
-	-	-	-	-	-	-	1,250
<u>\$ 56,632</u>	<u>\$ 440</u>	<u>\$ 855</u>	<u>\$ 15,257</u>	<u>\$ 60</u>	<u>\$ 16,247</u>	<u>\$ 185</u>	<u>\$ 370,697</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412
-	-	-	-	-	-	-	140
37,289	-	-	-	-	-	-	112,470
-	-	-	-	-	-	-	479
<u>37,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,501</u>
-	-	-	-	-	-	-	1,274
-	-	-	-	-	-	-	1,274
-	-	-	-	-	-	-	-
19,343	440	855	15,257	60	16,247	185	255,922
<u>19,343</u>	<u>440</u>	<u>855</u>	<u>15,257</u>	<u>60</u>	<u>16,247</u>	<u>185</u>	<u>255,922</u>
<u>\$ 56,632</u>	<u>\$ 440</u>	<u>\$ 855</u>	<u>\$ 15,257</u>	<u>\$ 60</u>	<u>\$ 16,247</u>	<u>\$ 185</u>	<u>\$ 370,697</u>

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

	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 45,566	\$ 152,136
Investments - Current	-	250,000
Taxes Receivable	9,258	10,572
Allowance for Uncollectible Taxes (credit)	(278)	(317)
Accounts Receivable, Net	709	2,289
Due from Other Governments	-	1,528
Due from Other Funds	-	8,494
Prepaid Items	-	1,250
Total Assets	<u>\$ 55,255</u>	<u>\$ 425,952</u>
LIABILITIES		
Accounts Payable	\$ -	\$ 412
Wages and Salaries Payable	-	140
Due to Other Funds	-	112,470
Other Current Liabilities	-	479
Total Liabilities	<u>-</u>	<u>113,501</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	8,981	10,255
Total Deferred Inflows of Resources	<u>8,981</u>	<u>10,255</u>
FUND BALANCES		
Restricted Fund Balance:		
Retirement of Long-Term Debt	46,274	46,274
Other Restricted Fund Balance	-	255,922
Total Fund Balances	<u>46,274</u>	<u>302,196</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 55,255</u>	<u>\$ 425,952</u>

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

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

	Development Fund	Veteran's Assistance Fund	Lateral Road Fund	Jury Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ 23,391	\$ -
Penalty and Interest on Taxes	-	-	359	-
Intergovernmental Revenue and Grants	57,464	12,149	9,151	-
Charges for Services	-	-	-	828
Fines	-	-	-	-
Other Revenue	1,000	82	-	-
Total Revenues	<u>58,464</u>	<u>12,231</u>	<u>32,901</u>	<u>828</u>
EXPENDITURES:				
Current:				
General Administration	-	-	-	-
Law Enforcement	-	-	-	-
Emergency Management Services	-	-	-	-
Roads and Bridges	-	-	1,193	-
Administration of Justice	-	-	-	-
Health and Human Services	-	21,517	-	-
Conservation and Development	58,464	-	-	-
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	-	-
Interest on Debt and Right-to-Use Leases	-	-	-	-
Other Debt Service	-	-	-	-
Total Expenditures	<u>58,464</u>	<u>21,517</u>	<u>1,193</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(9,286)</u>	<u>31,708</u>	<u>828</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	10,000	-	-
Proceeds from SBITAs	-	-	-	-
Transfers Out	-	-	(30,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>10,000</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balance	-	714	1,708	828
Fund Balance - October 1 (Beginning)	<u>-</u>	<u>1,690</u>	<u>2,166</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ 2,404</u>	<u>\$ 3,874</u>	<u>\$ 828</u>

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

JP Court Tech Fund	County & District Crt Tech Fund	Judicial Ed & Support Fund	Court Reporter SVC Fund	Appellate Judicial Fund	Alt Dispute Resolution Fund	Court Initiated Guardianship	Truancy Prevention Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	36	40	865	100	545	-	-
12,245	-	-	-	-	-	-	-
-	-	-	-	-	-	350	12,598
<u>12,245</u>	<u>36</u>	<u>40</u>	<u>865</u>	<u>100</u>	<u>545</u>	<u>350</u>	<u>12,598</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	480
-	-	-	-	-	-	-	-
10,272	-	-	1,937	75	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,128	-	-	-	-	-	-	-
72	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>11,472</u>	<u>-</u>	<u>-</u>	<u>1,937</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>480</u>
<u>773</u>	<u>36</u>	<u>40</u>	<u>(1,072)</u>	<u>25</u>	<u>545</u>	<u>350</u>	<u>12,118</u>
-	-	-	-	-	-	-	-
1,857	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,630	36	40	(1,072)	25	545	350	12,118
21,862	-	-	32,461	379	7,720	2,958	19,244
<u>\$ 24,492</u>	<u>\$ 36</u>	<u>\$ 40</u>	<u>\$ 31,389</u>	<u>\$ 404</u>	<u>\$ 8,265</u>	<u>\$ 3,308</u>	<u>\$ 31,362</u>

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

	Language Access Fund	Records Management Fund	Clerks Archival Fund	Courthouse Restoration Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	212	8,440	5,455	1,388
Fines	-	-	-	-
Other Revenue	-	-	-	162
Total Revenues	<u>212</u>	<u>8,440</u>	<u>5,455</u>	<u>1,550</u>
EXPENDITURES:				
Current:				
General Administration	-	-	2,968	-
Law Enforcement	-	-	-	-
Emergency Management Services	-	-	-	-
Roads and Bridges	-	-	-	-
Administration of Justice	-	-	-	-
Health and Human Services	-	-	-	-
Conservation and Development	-	-	-	-
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	-	-
Interest on Debt and Right-to-Use Leases	-	-	-	-
Other Debt Service	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,968</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>212</u>	<u>8,440</u>	<u>2,487</u>	<u>1,550</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Proceeds from SBITAs	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	212	8,440	2,487	1,550
Fund Balance - October 1 (Beginning)	<u>-</u>	<u>39,515</u>	<u>34,874</u>	<u>10,055</u>
Fund Balance - September 30 (Ending)	<u>\$ 212</u>	<u>\$ 47,955</u>	<u>\$ 37,361</u>	<u>\$ 11,605</u>

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

Courthouse Security Fund	Court Facility Fee Fund	County Law Library Fund	Sheriff's Special Fund	County Attorney CC&P Fund	Pre-Trial Intervention Fund	LEOSE Constable Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,391
-	-	-	-	-	-	-	359
-	-	-	-	-	-	911	79,675
11,519	440	855	-	15	-	-	30,738
-	-	-	-	-	-	-	12,245
-	-	-	-	-	-	-	14,192
<u>11,519</u>	<u>440</u>	<u>855</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>911</u>	<u>160,600</u>
-	-	-	-	-	-	-	2,968
-	-	-	-	-	-	726	1,206
11,291	-	-	-	-	-	-	11,291
-	-	-	-	-	-	-	1,193
-	-	-	-	-	450	-	12,734
-	-	-	-	-	-	-	21,517
-	-	-	-	-	-	-	58,464
-	-	-	-	-	-	-	1,128
-	-	-	-	-	-	-	72
-	-	-	-	-	-	-	-
<u>11,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>726</u>	<u>110,573</u>
<u>228</u>	<u>440</u>	<u>855</u>	<u>-</u>	<u>15</u>	<u>(450)</u>	<u>185</u>	<u>50,027</u>
-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	1,857
-	-	-	-	-	-	-	(30,000)
-	-	-	-	-	-	-	(18,143)
<u>228</u>	<u>440</u>	<u>855</u>	<u>-</u>	<u>15</u>	<u>(450)</u>	<u>185</u>	<u>31,884</u>
<u>19,115</u>	<u>-</u>	<u>-</u>	<u>15,257</u>	<u>45</u>	<u>16,697</u>	<u>-</u>	<u>224,038</u>
<u>\$ 19,343</u>	<u>\$ 440</u>	<u>\$ 855</u>	<u>\$ 15,257</u>	<u>\$ 60</u>	<u>\$ 16,247</u>	<u>\$ 185</u>	<u>\$ 255,922</u>

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

	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:		
Taxes:		
Property Taxes	\$ 172,731	\$ 196,122
Penalty and Interest on Taxes	2,630	2,989
Intergovernmental Revenue and Grants	-	79,675
Charges for Services	-	30,738
Fines	-	12,245
Other Revenue	-	14,192
Total Revenues	<u>175,361</u>	<u>335,961</u>
EXPENDITURES:		
Current:		
General Administration	-	2,968
Law Enforcement	-	1,206
Emergency Management Services	-	11,291
Roads and Bridges	-	1,193
Administration of Justice	-	12,734
Health and Human Services	-	21,517
Conservation and Development	-	58,464
Debt Service:		
Principal on Debt and Right-to-Use Leases	145,000	146,128
Interest on Debt and Right-to-Use Leases	16,449	16,521
Other Debt Service	150	150
Total Expenditures	<u>161,599</u>	<u>272,172</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,762</u>	<u>63,789</u>
OTHER FINANCING SOURCES (USES):		
Transfers In	-	10,000
Proceeds from SBITAs	-	1,857
Transfers Out	-	(30,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(18,143)</u>
Net Change in Fund Balance	13,762	45,646
Fund Balance - October 1 (Beginning)	<u>32,512</u>	<u>256,550</u>
Fund Balance - September 30 (Ending)	<u>\$ 46,274</u>	<u>\$ 302,196</u>

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

MENARD COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 SEPTEMBER 30, 2023

	County Attorney Fund	Sheriff Fund	Tax/ Assessor Collector	County & District Clerk
<hr/>				
ASSETS				
Cash and Cash Equivalents	\$ 2,253	\$ 17,973	\$ 18,918	\$ 125,172
Total Assets	<u>2,253</u>	<u>17,973</u>	<u>18,918</u>	<u>125,172</u>
NET POSITION				
Restricted for Other Purposes	<u>2,253</u>	<u>17,973</u>	<u>18,918</u>	<u>125,172</u>
Total Net Position	<u><u>\$ 2,253</u></u>	<u><u>\$ 17,973</u></u>	<u><u>\$ 18,918</u></u>	<u><u>\$ 125,172</u></u>

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

Justice of the Peace Fund	Total	
		Custodial Funds
\$ 73,682	\$	237,998
<u>73,682</u>		<u>237,998</u>
 \$ 73,682	 \$	 237,998
<u>\$ 73,682</u>	<u>\$</u>	<u>237,998</u>
<u>\$ 73,682</u>	<u>\$</u>	<u>237,998</u>

MENARD COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Data Control Codes	County Attorney Fund	Sheriff Fund	Tax/ Assessor Collector	County & District Clerk
ADDITIONS:				
Charges for Services	\$ -	\$ 24,724	\$ 293,973	\$ 2,778,095
Total Additions	-	24,724	293,973	2,778,095
DEDUCTIONS:				
Other Operating Costs	50	22,606	296,139	3,142,450
Total Deductions	50	22,606	296,139	3,142,450
Change in Net Position	(50)	2,118	(2,166)	(364,355)
Total Net Position - October 1 (Beginning)	-	-	-	-
Total Net Position - September 30 (Ending)	<u>\$ (50)</u>	<u>\$ 2,118</u>	<u>\$ (2,166)</u>	<u>\$ (364,355)</u>

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

Justice of the Peace Fund	Total Custodial Funds
\$ 926,131	\$ 4,022,923
<u>926,131</u>	<u>4,022,923</u>
<u>917,327</u>	<u>4,378,572</u>
<u>917,327</u>	<u>4,378,572</u>
8,804	(355,649)
<u>64,878</u>	<u>593,647</u>
<u><u>\$ 73,682</u></u>	<u><u>\$ 237,998</u></u>

REPORT ON INTERNAL CONTROL
AND COMPLIANCE



NEFFENDORF & BLOCKER, P.C.

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*

To the Honorable Judge and County Commissioners
Menard County, Texas
Menard, Texas 76859

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 County of Menard, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise County of Menard, Texas' basic financial statements and have issued our report thereon dated October 4, 2024.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

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Report on Compliance and Other Matters

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

County of Menard, Texas' Response to Findings

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

Purpose of This Report

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

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.

Fredericksburg, Texas
October 4, 2024

Menard County, Texas

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Section I - Summary of Auditor's Results

1 Financial Statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting		
Material weakness(es) identified	<u> </u> yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weaknesses	<u> X </u> yes	<u> </u> no
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

B. Section II - Findings Related to the Financial Statements

<u>2023-001</u>	Repeat Finding
Type of Finding:	Significant Deficiency
Criteria:	Operation Lone Star funds were only to be used for additional employees or additional overtime worked by law enforcement due to the border crisis.
Condition:	The County records could not substantiate that payroll expenses paid by the Operation Lone Star grant were not supplanted.
Cause:	The County does not budget law enforcement employees by position. The budgeted salaries are one lump sum.
Effect:	The County's claimed payroll expenses could potentially be noncompliant with the requirements of the grant.
Questioned Costs:	None
Recommendation:	We recommend the County adopt the law enforcement payroll budget by position for compliance with grants and budget control.
Views of responsible officials and planned corrective action:	This information is in the attached responses.

<u>2023-002</u>	Repeat Finding
Type of Finding:	Significant Deficiency
Criteria:	Texas Transportation Code Title 7, Subtitle H Section 683.015, Subchapter B states that auction proceeds from abandoned vehicle sales can only be spent to reimburse the County for expenditures related to the sale of the vehicle. The code also states a County may transfer funds in excess of \$1,000 from the account to the County's general revenue account to be used by the law enforcement agency.
Condition:	Expenditures in the Abandoned Vehicle Bank Account are not in compliance with the Texas Transportation Code (law enforcement expenditures paid directly out of the fund).

Cause: The Sheriff's Abandoned Vehicle Special bank account is not recorded in the County's general ledger system therefore the appropriate transfer to the General Fund was not made.

Effect: The Abandoned Vehicle restricted funds are expended on nonqualifying expenditures per the Texas Transportation Code.

Questioned Costs: None

Recommendation: We recommend the County record the Sheriff Abandoned Vehicle Special account in the County's general ledger system and transfer funds in excess of \$1,000 to the General Fund for law enforcement purchases.

Views of responsible officials and planned corrective action: This information is in the attached responses.

**MENARD COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS/
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Current Year's Findings/Noncompliance and Corrective Action Plan:

See County's response to findings after Schedule of Status of Prior Year Findings/Corrective Action Plan

Prior Year's Finding/Noncompliance Status:

B. Section II - Findings Related to the Financial Statements

2022-001

Type of Finding:	Significant Deficiency
Criteria:	Operation Lone Star funds were only to be used for additional employees or additional overtime worked by law enforcement due to the border crisis.
Condition:	The County records could not substantiate that payroll expenses paid by the Operation Lone Star grant were not supplanted.
Cause:	The County does not budget law enforcement employees by position. The budgeted salaries are one lump sum.
Effect:	The County's claimed payroll expenses could potentially be noncompliant with the requirements of the grant.
Questioned Costs:	None
Recommendation:	We recommend the County adopt the law enforcement payroll budget by position for compliance with grants and budget control.
Current Year Status:	This was not corrected in the current year.

2022-002

Type of Finding:	Significant Deficiency
Criteria:	Texas Transportation Code Title 7, Subtitle H Section 683.015, Subchapter B states that auction proceeds from abandoned vehicle sales can only be spent to reimburse the County for expenditures related to the sale of the vehicle. The code also states a County may transfer funds in excess of \$1,000 from the account to the County's general revenue account to be used by the law enforcement agency.
Condition:	Expenditures in the Abandoned Vehicle Bank Account are not in compliance with the Texas Transportation Code (law enforcement expenditures paid directly out of the fund).
Cause:	The Sheriff's Abandoned Vehicle Special bank account is not recorded in the County's general ledger system therefore the appropriate transfer to the General Fund was not made.
Effect:	The Abandoned Vehicle restricted funds are expended on nonqualifying expenditures per the Texas Transportation Code.

Questioned Costs: None

Recommendation: We recommend the County record the Sheriff Abandoned Vehicle Special account in the County's general ledger system and transfer funds in excess of \$1,000 to the General Fund for law enforcement purchases.

Current Year Status: This was not corrected in the current year.

2022-003

Type of Finding: Significant Deficiency

Criteria: Budgetary control of expenditures is a key control for the County. Monitoring the budget ensures that a valid and sufficient appropriation exists prior to the authorization or recording of an expenditure.

Condition: The County's final budgeted expenditures exceeded appropriations and fund balance for the General Fund.

Cause: The County did not monitor appropriations and fund balance when authorizing budget amendments.

Effect: The County authorizes an expenditure that the County does not have funds for.

Questioned Costs: None

Recommendation: We recommend the County monitor the budget to ensure that a funding source is available for all expenditures (new revenue or fund balance).

Current Year Status: Corrective action was taken by the County.

Management's Response to Auditor's Findings Fiscal Year 2023:

Corrective Action Plan

October 4, 2024

Prepared by the Management of

Menard County, Texas

Menard County, Texas - Corrective Action Plan

Responsible Person: Tami Russell, County Treasurer

General Information: The Menard County, Texas retained the accounting firm of Neffendorf & Blocker, P.C. to prepare our draft financial statements and accompanying notes for the fiscal year 2023. In the conduction of the audit, the auditors identified two significant deficiencies. The corrective action related to each deficiency (Findings) will be addressed below.

Finding 2023-001 County records could not substantiate that payroll expenses paid by the Operation Lone Star Grant were not supplanted.

Corrective Action Plan: For the year ended September 30, 2024 the County adopted a law enforcement payroll budget by position.

Anticipated Completion Date: September 30, 2024

Finding 2023-002 **Expenditures in the Abandoned Vehicle Bank Account are not in compliance.**

Corrective Action Plan: During the year ended September 30, 2024 the Sheriff Abandoned Vehicle Special account was recorded in the County's general ledger system and the required transfer of funds was made.

Anticipated Completion Date: September 30, 2024

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NEFFENDORF & BLOCKER, P.C.

October 4, 2024

Honorable Judge and County Commissioners
County of Menard
Menard, TX 76859

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Menard, Texas for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government 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 29, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 of Menard, Texas are described in Note 1 to the financial statements. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* was adopted and the application of existing policies was not changed during the year ended September 30, 2023. We noted no transactions entered into by the County of Menard, Texas 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 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, a disagreement with management is 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 October 4, 2024.

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 County of Menard'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 each year prior to retention as the County of Menard's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules, schedule of changes in net pension liability and schedule of employer contributions, 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.

We were engaged to report on combining statements and individual nonmajor fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting record used to prepare the financial statements.

Recommendations

Prior Year Recommendations:

Year-End Closing Procedures

The County does not have year-end closing procedures in place. Year-end closing procedures should be in place to ensure the trial balance is complete and all accruals have been made. Management failed to accurately post all year end accrual adjustments resulting in the financial statements being incomplete. We again recommend the County design and implement accounting period closing policies and procedures to ensure the trial balance is complete.

Grant Compliance

The County does not have proper controls in place for monitoring state and federal grant compliance-

1. The County failed to timely submit the required reports to the Department of Treasury for the Coronavirus State and Local Fiscal Recovery Funds.
2. The County failed to submit Uniform Crime Reports mandated by the Texas Department of Public Safety for the Operation Lone Star Grant which was a grant eligibility requirement.

We again recommend the County design and implement internal controls over state and federal grants to ensure the County maintains compliance.

Current Year Recommendations:

Financing Purchases

The County entered into a financing purchase with Motorola Solutions for the purchase of law enforcement equipment. The first payment was recorded but the total proceeds and capital outlay were not recorded in the general ledger accounts. We recommend the County record future financing purchase proceeds and capital outlay in the general ledger accounts.

Restriction on Use

This information is intended solely for the use of the Commissioner's Court and management of County of Menard and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.

Fredericksburg, Texas