

COTTLE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

COTTLE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cottle County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Cottle County, Texas' 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 Cottle County, Texas as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial statements 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 Cottle County, Texas (the County) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension asset and related ratios, schedule of employer contributions, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 29, 2025

COTTLE COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)

This section of Cottle County's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

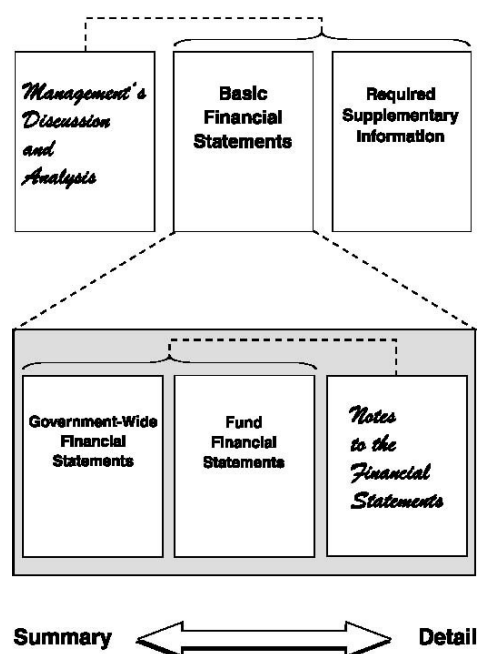
- The County's total combined net position was \$5,647,487 at September 30, 2024. Of this amount, \$3,652,015 (unrestricted net position) may be used to meet the County's ongoing obligations.
- During the year, the County's expenses were \$520,159 less than the \$2,439,585 generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$3,557,166. Of this amount, \$3,516,010 is available for spending at the government's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the government, reporting the County's operations in more detail than the government-wide statements.
- The Governmental Funds Statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Fiduciary Fund Statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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



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

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

FIGURE A-2
MAJOR FEATURES OF THE COUNTY'S GOVERNMENT-WIDE AND FUND STATEMENTS

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire County's government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net position	Balance Sheet (assets + deferred outflows - liabilities - deferred inflows)	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the Custodial funds do not currently contain capital assets, although they can
Type of flow/outflow	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (Page 11) presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors. The Statement of Activities (Page 12) presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, highways and streets, sanitation, economic development, culture, and recreation. These activities are financed primarily by property taxes and grants.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. The County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes.

The County has four types of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on Pages 14 and 16 of the basic financial statements section.

The County's primary governmental fund is the General Fund which is used to account for all financial resources except those required to be accounted for in another fund.

- *Special revenue funds*—Used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes or designated to finance particular functions or activities of the County.
- *Blended component unit* —Used to account for sales tax receipts to be used by the Road & Bridge Precincts to purchase gravel.

The County adopts an annual appropriated budget for its General Fund and Road and Bridge Funds. A budgetary comparison schedule has been provided on Pages 37 through 41 to demonstrate compliance with these budgets.

- *Fiduciary funds*—The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Page 17 and the Statement of Changes in Fiduciary Net Position on Page 18. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the County cannot use these assets to finance its operations.

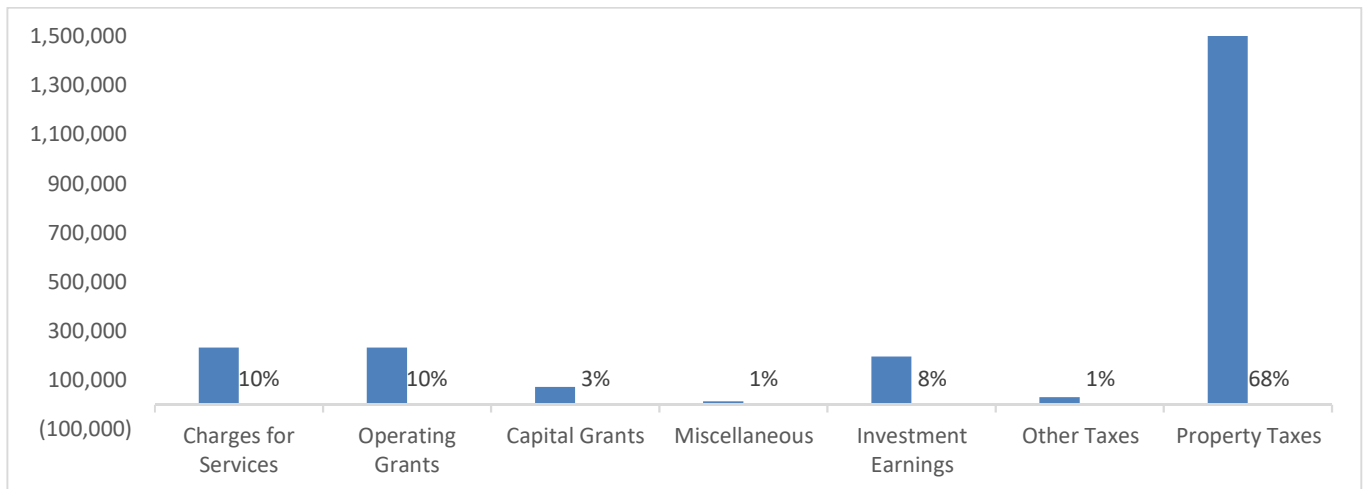
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's combined net position was \$5,647,487 at September 30, 2024. The County's net position reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment) of \$886,624, net of accumulated depreciation, and any related outstanding debt. An additional portion of the County's net position (approximately 19.63%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,652,015, may be used to meet the County's ongoing obligations to the citizens and creditors.

Table A-1
Cottle County's Net Position
(in thousands)
September 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Current and Other Assets	\$ 4,718	\$ 3,972
Capital and Non-Current Assets	1,359	1,250
Total Assets	\$ 6,077	\$ 5,222
Deferred Outflows of Resources	\$ 54	\$ 90
Current Liabilities	\$ 44	\$ 20
Long-Term Liabilities	7	7
Total Liabilities	\$ 51	\$ 27
Deferred Inflows of Resources	\$ 432	\$ 157
Net Position		
Net Investment in Capital Assets	\$ 887	\$ 883
Restricted	1,109	1,049
Unrestricted	3,652	3,196
Total Net Position	\$ 5,648	\$ 5,128

Changes in Net Position—The County's net position increased by \$520,159 during the current fiscal year.



Governmental Activities—Total revenues for the fiscal year ending September 30, 2024 were \$2,439,585. Approximately 69% of the County's revenue comes from property taxes and other taxes, while 10% comes from charges for services. Operating grants and capital grants account for 13% of total revenues. Investment earnings and miscellaneous accounted for another 8%.

Expenditures increased by approximately \$49,000 from the prior year.

Table A-2
Cottle County Changes in Net Position
(in thousands)
For the Years Ended September 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Revenues:		
Program Revenues		
Charge for Services	\$ 234	\$ 168
Operating Grants and Contributions	233	123
Capital Grants and Contributions	73	43
General Revenues		
Property Taxes	1,656	1,495
Sales Taxes	26	
Investment Earnings	198	114
Other Income	19	76
Total Revenues	<u>\$ 2,439</u>	<u>\$ 2,019</u>
Expenses:		
County Judge	\$ 55	\$ 59
County/District Clerk	133	106
Non-Departmental	244	219
District Court	14	12
Justice of the Peace	57	50
General Judicial Expense	6	35
District Attorney	15	15
County Attorney	15	15
Elections	17	23
County Treasurer	66	57
Tax Assessor/Collector	87	92
County Courthouse and Associated Buildings	62	81
County Jail/Detention Facility	11	3
VFW Building	6	2
Ambulance	261	272
Fire Protection	6	21
County Sheriff	303	227
Probation - Adult	8	8
Library	22	15
Museum	5	4
Agriculture Extension Service	19	10
Road and Bridge	507	544
Total Expenses	<u>\$ 1,919</u>	<u>\$ 1,870</u>
Increase in Net Position	\$ 520	\$ 149
Beginning Net Position	<u>5,128</u>	<u>4,979</u>
Ending Net Position	<u><u>\$ 5,648</u></u>	<u><u>\$ 5,128</u></u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the fiscal year, the County's governmental funds reported a combined fund balance of \$4,193,861, an increase of \$419,827 over the prior year. Approximately 84% or \$3,516,010 is unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted for special purposes by virtue of special revenue funds and enabling legislation.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, \$3,516,010 of fund balance is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balances to total fund expenditures. Unassigned fund balances represent 280% of total General Fund expenditures.

General Fund Budgetary Highlights — At the end of the year, actual expenditures were \$189,925 under final budgeted amounts. Revenues exceeded the budget by \$275,124.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets — As of September 30, 2024, the County had invested \$3,636,596 in a broad range of capital assets, including land, buildings and improvements, and equipment.

Major events affecting capital assets during the year were:

- Courthouse roof repairs
- Purchased a 2019 12M3 CAT Motor Grader
- RAMP grant beacon and windcone improvements
- HVAC unit installed at jail

More detailed information about the County's capital assets can be found on page 27.

Table A-3
Cottle County's Capital Assets
(in thousands)

	Governmental Activities	
	2024	2023
Land	\$ 42	\$ 41
Buildings and Improvements	1,529	1,996
Machinery and Equipment	2,066	2,000
Total	\$ 3,637	\$ 4,037
Less: Total Accumulated Depreciation	2,750	3,154
Net Capital Assets	\$ 887	\$ 883

Long-Term Debt — At the end of the year, the County had no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The appraised value used for the 2024-2025 budget preparation is estimated to be down from the 2023 valuation.
- The tax rate established for 2024 is \$.8636, which is up from the 2023 tax rate of \$.8130.
- Property tax revenue is estimated to decrease by 5.25% or \$(85,695) for the 2024-2025 fiscal year end.
- Inflationary trends in the region compare favorably to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2024 fiscal year.

Amounts available for appropriation in the General Fund budget are \$1,363,896, a decrease of \$80,877 under the 2023-2024 final budget. A budgeted decrease in property tax revenue, based on taxable value loss, led to this decrease in the budget for the General Fund.

Budgeted expenditures are expected to decrease \$80,877 to \$1,363,896. The County has added no major new programs or initiatives to the 2025 budget.

If these estimates are realized, the County's budgetary General Fund balance is expected to be unchanged.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the Cottle County Treasurer, P.O. Box 468, Paducah, Texas 79248.

BASIC FINANCIAL STATEMENTS

COTTLE COUNTY, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 1,643,781
Investments	2,885,707
Receivables (Net of Allowance for Uncollectibles)	147,350
Prepaid Expenses	41,156
Noncurrent Assets:	
Net Pension Asset	472,153
Capital Assets	
Land	41,593
Depreciable Assets	845,031
Total Assets	<u>\$ 6,076,771</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Plan - Related Items	\$ 53,948
Total Deferred Outflows of Resources	<u>\$ 53,948</u>
LIABILITIES:	
Accounts Payable	\$ 44,325
Noncurrent Liabilities:	
Accrued Compensated Absences	7,316
Total Liabilities	<u>\$ 51,641</u>
DEFERRED INFLOWS OF RESOURCES:	
Unearned Revenue - Unspent Grant Funds	\$ 401,236
Pension Plan - Related Items	30,355
Total Deferred Inflows of Resources	<u>\$ 431,591</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 886,624
Restricted For:	
Road and Bridge	548,695
Net Pension Asset	472,153
Enabling Legislation	88,000
Unrestricted	3,652,015
Total Net Position	<u><u>\$ 5,647,487</u></u>

The accompanying notes are an integral part of this statement.

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COTTLE COUNTY, TEXAS

Exhibit A-2

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Fines, Fees & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Primary Gov. Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities					
County Judge	\$ 54,925	\$	\$ 25,200	\$	\$ (29,725)
County/District Clerk	132,593	53,120			(79,473)
Non-Departmental	243,748		33,390	73,127	(137,231)
District Court	13,659				(13,659)
Justice of the Peace	56,723	915			(55,808)
General Judicial Expense	6,056				(6,056)
District Attorney	14,955				(14,955)
County Attorney	15,000	355	11,130		(3,515)
Elections	16,559				(16,559)
County Treasurer	66,268				(66,268)
Tax Assessor/Collector	86,693				(86,693)
County Courthouse and Associated Buildings	62,525				(62,525)
County Jail/Detention Facility	11,426				(11,426)
VFW Building	5,707				(5,707)
Ambulance	261,357	88,037	13,123		(160,197)
Fire Protection	6,078				(6,078)
County Sheriff	303,568	13,247	115,275		(175,046)
Probation - Adult	8,000				(8,000)
Library	22,116	1,400			(20,716)
Museum	4,737				(4,737)
Agriculture Extension Service	18,899				(18,899)
Road and Bridge	507,834	77,088	35,256		(395,490)
Total Governmental Activities	\$ 1,919,426	\$ 234,162	\$ 233,374	\$ 73,127	\$ (1,378,763)
General Revenues:					
Property Taxes, Levied for General Purposes					\$ 1,656,373
Sales Taxes					25,608
Other Taxes					5,230
Investment Earnings					197,540
Miscellaneous					14,171
Total General Revenues					\$ 1,898,922
Change in Net Position					\$ 520,159
Net Position - Beginning					5,127,328
Net Position - Ending					\$ 5,647,487

The accompanying notes are an integral part of this statement.

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COTTLE COUNTY, TEXAS

Exhibit A-3

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	Major Funds					SB 22	SLFRF		Total
	General	Road & Bridge	Road & Bridge	Road & Bridge	Road & Bridge	Grant Funds	Grant Funds	Non-Major Funds	Governmental
	Fund	Fund - Pct. 1	Fund - Pct. 2	Fund - Pct. 3	Fund - Pct. 4				Funds
ASSETS:									
Cash and Cash Equivalents	\$ 883,993	\$ 105,468	\$ 78,025	\$ 28,056	\$ 46,172	\$ 391,236	\$ 10,000	\$ 100,831	\$ 1,643,781
Investments	2,590,933	42,543	108,698	62,138	77,810			3,585	2,885,707
Accounts Receivable	55,188	590	590	590	590			1,013	58,561
Interest Receivable	4,958	952	2,516	1,389	329			73	10,217
Prepaid Expenses	41,156								41,156
Taxes Receivable	63,753	3,146	3,146	3,146	3,146				76,337
Allowance for Uncollectible Taxes (Credit)	(41,819)	(2,054)	(2,054)	(2,054)	(2,054)				(50,035)
Total Assets	\$ 3,598,162	\$ 150,645	\$ 190,921	\$ 93,265	\$ 125,993	\$ 391,236	\$ 10,000	\$ 105,502	\$ 4,665,724
LIABILITIES:									
Accounts Payable	\$ 19,062	\$ 4,545	\$ 2,649	\$ 3,048	\$ 14,846			\$ 175	\$ 44,325
Total Liabilities	\$ 19,062	\$ 4,545	\$ 2,649	\$ 3,048	\$ 14,846	\$ 0	\$ 0	\$ 175	\$ 44,325
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue - Property Taxes	\$ 21,934	\$ 1,092	\$ 1,092	\$ 1,092	\$ 1,092				\$ 26,302
Unearned Revenue - Unspent Grant Funds						391,236	10,000		401,236
Total Deferred Inflows of Resources	\$ 21,934	\$ 1,092	\$ 1,092	\$ 1,092	\$ 1,092	\$ 391,236	\$ 10,000	\$ 0	\$ 427,538
FUND BALANCES:									
Nonspendable - Prepays	\$ 41,156								\$ 41,156
Restricted for:									
Road and Bridge		145,008	187,180	89,125	110,055			17,327	548,695
Enabling Legislation								88,000	88,000
Unassigned:									
Reported in the General Fund	3,516,010								3,516,010
Total Fund Balances	\$ 3,557,166	\$ 145,008	\$ 187,180	\$ 89,125	\$ 110,055	\$ 0	\$ 0	\$ 105,327	\$ 4,193,861

The accompanying notes are an integral part of this statement.

COTTLE COUNTY, TEXAS

Exhibit A-4

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Total Fund Balances - Governmental Funds Balance Sheet	\$ 4,193,861
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in governmental activities are not reported in the funds.	886,624
Payables for compensated absences which are not due in the current period are not reported in the funds.	(7,316)
Net pension asset, deferred outflows and deferred inflows are not recognized in the governmental funds.	495,746
Revenues unavailable to pay for current period expenditures are deferred in the funds.	26,302
To record the Justice of the Peace and County/Dist. Clerk Fines.	<u>52,270</u>
Net Position of Governmental Activities - Statement of Net Position	\$ <u><u>5,647,487</u></u>

The accompanying notes are an integral part of this statement.

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COTTLE COUNTY, TEXAS

Exhibit A-5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Major Funds								Total
	General Fund	Road & Bridge Fund - Pct. 1	Road & Bridge Fund - Pct. 2	Road & Bridge Fund - Pct. 3	Road & Bridge Fund - Pct. 4	SB 22 Grant Funds	SLFRF Grant Funds	Non-Major Fund	Governmental Funds
Revenues:									
Taxes:									
Property Taxes	\$ 1,288,449	\$ 94,636	\$ 94,636	\$ 94,494	\$ 94,778				\$ 1,666,993
Sales Taxes								25,608	25,608
Other Taxes	5,230								5,230
License and Permits		18,312	18,312	18,312	18,312				73,248
Intergovernmental Revenue and Grants	80,898	8,814	8,814	8,814	8,814	108,764	81,583		306,501
Charges for Services	88,037								88,037
Fines and Fees	49,003	960	960	960	960			15,776	68,619
Investment Earnings	189,820	1,218	3,220	1,779	1,090	331		82	197,540
Other Revenue	18,459	213		1,075				860	20,607
Total Revenues	<u>\$ 1,719,896</u>	<u>\$ 124,153</u>	<u>\$ 125,942</u>	<u>\$ 125,434</u>	<u>\$ 123,954</u>	<u>\$ 109,095</u>	<u>\$ 81,583</u>	<u>\$ 42,326</u>	<u>\$ 2,452,383</u>
Expenditures:									
Current:									
County Judge	\$ 63,575								\$ 63,575
County/District Clerk	108,026							14,517	122,543
Non-Departmental	233,264						81,583		314,847
District Court	12,179							1,480	13,659
Justice of the Peace	61,929								61,929
General Judicial Expense	5,762							294	6,056
District Attorney	14,955								14,955
County Attorney	15,000								15,000
Elections	16,559								16,559
County Treasurer	71,474								71,474
Tax Assessor/Collector	95,812								95,812
County Courthouse and Associated Buildings	42,699								42,699
County Jail/Detention Facility	11,426								11,426
VFW Building	5,707								5,707
Ambulance	227,784								227,784
Fire Protection	11,678								11,678
County Sheriff	203,266					109,095		5,033	317,394
Probation - Adult	8,000								8,000
Library	22,116								22,116
Museum	4,737								4,737
Agriculture Extension Service	18,899								18,899
Road and Bridge		87,797	118,432	135,773	215,424			8,281	565,707
Total Expenditures	<u>\$ 1,254,847</u>	<u>\$ 87,797</u>	<u>\$ 118,432</u>	<u>\$ 135,773</u>	<u>\$ 215,424</u>	<u>\$ 109,095</u>	<u>\$ 81,583</u>	<u>\$ 29,605</u>	<u>\$ 2,032,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 465,049</u>	<u>\$ 36,356</u>	<u>\$ 7,510</u>	<u>\$ (10,339)</u>	<u>\$ (91,470)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,721</u>	<u>\$ 419,827</u>
Net Change in Fund Balances	\$ 465,049	\$ 36,356	\$ 7,510	\$ (10,339)	\$ (91,470)	\$ 0	\$ 0	\$ 12,721	\$ 419,827
Fund Balances - Beginning	3,092,117	108,652	179,670	99,464	201,525	0	0	92,606	3,774,034
Fund Balances - Ending	<u>\$ 3,557,166</u>	<u>\$ 145,008</u>	<u>\$ 187,180</u>	<u>\$ 89,125</u>	<u>\$ 110,055</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 105,327</u>	<u>\$ 4,193,861</u>

The accompanying notes are an integral part of this statement.

COTTLE COUNTY, TEXAS

Exhibit A-6

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

Net Change in Fund Balances - Total Governmental Funds	\$ 419,827
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Current year capital outlay payments are expenditures in the Fund Financial Statements, but they should be shown as increases in capital assets in the Government-Wide Financial Statements. The net effect of removing capital outlay is to increase net position.	305,926
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 net position.	(295,649)
Loss on disposition of capital assets is not recognized in the funds.	(6,436)
Compensated absences are reported as the amount earned in the SOA and as the amount paid in the funds.	(229)
Net change in pension expense to convert amounts paid in for the governmental funds to accrued pension expense for governmental activities.	103,082
Property tax revenues are deferred in the funds. The change in the beginning and ending balances is recorded in the SOA.	(10,620)
To record the change in the Justice of the Peace and County/Dist. Clerk fines receivable.	<u>4,258</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u><u>520,159</u></u>

The accompanying notes are an integral part of this statement.

COTTLE COUNTY, TEXAS

Exhibit A-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

ASSETS:

Cash in Bank \$ 48,478

LIABILITIES:

Total Liabilities \$ 0

NET POSITION:

Restricted For:
Individuals, Organizations, and Other Governments \$ 48,478

The accompanying notes are an integral part of this statement.

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COTTLE COUNTY, TEXAS

Exhibit A-8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024**

ADDITIONS

Fines and Fees Collected	\$	223,790
	\$	<u>223,790</u>

DEDUCTIONS

Fines and Fees Distributed	\$	222,892
Other		5,234
	\$	<u>228,126</u>

Change in Net Position	\$	(4,336)
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NET POSITION

October 1, 2023 (Beginning)		<u>52,814</u>
September 30, 2024 (Ending)	\$	<u><u>48,478</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The authority of county governments and their specific functions and responsibilities are created by and are dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. Cottle County, Texas (the County) operates under a county judge/commissioners court type of government as provided by state statute.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of the Notes. The remainder of the Notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2024.

The County is a body, corporate and political, which performs all local government functions within its jurisdiction. The County is governed by an elected County Judge and four County Commissioners elected from individual precincts. The Judge and four Commissioners form the governing body, the Commissioners' Court. Various branches of the County government are led by duly elected officials who serve in their positions. These other elected officials are responsible only to the voters for their performance and for the operations of their individual offices but must seek budget approval from the Commissioners' Court. There are no component units (other governmental entities) over which the County exercises significant controls or has oversight responsibility.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are Government-Wide Financial Statements. They report information on all of the County's non-fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants, and other intergovernmental revenues.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the Government-Wide Statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the Government-Wide Statement of Activities.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

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

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

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

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with accounting principles generally accepted in the United States of America.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as deferred revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. However, the amount of taxes collected in the period 60 days subsequent to year end are considered immaterial and not recorded as current year revenue. All tax collections expected to be received subsequent to year end are, therefore, reported as deferred revenues. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position.

D. FUND ACCOUNTING

The County applies GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which the amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. From interpretation of the adopted policy, the County will spend its fund in the following order: Committed, Assigned, and Unassigned, if more than one classification of fund balance is available.

The County reports the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose – such as the County's property tax revenue for debt service requirements, which must be used to repay debt. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Commissioners Court. Committed amounts cannot be used for any other purposes unless the Council removes those constraints by taking the same type of actions (legislation, resolution, or ordinance). Committed fund balances include non-liquidated encumbrances at year end that are carried forward to the next fiscal year. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commissioners Court. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the County Treasurer or (b) an appointed body or official to which the Commissioners Court has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment with the General Fund conveys that the intended use of those amounts is for specific purposes that are narrower than the general purposes of the County itself.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. County funds do not include funds held by County offices, which are not yet remitted to the County Treasurer. County funds are amounts which have been received by the County Treasurer and which are subject to control by the Commissioners' Court. These various County funds, which are reported as Governmental Funds in the financial statements of this report, are grouped into three fund types: General Fund, Road and Bridge Fund, and Special Revenue Funds. The remaining funds held by other County offices are reported as Fiduciary Funds and are not subject to control by the Commissioner's Court.

COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

The County maintains the following funds:

Major Governmental Funds:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Funds - The Road and Bridge Funds are special revenue funds that is used to account for resources used by the County in connection with providing transportation services to its citizens.

SB 22 Grant Funds – This fund is used to account for Senate Bill 22 funds received and are to be used for County sheriff and County attorney approved expenditures.

SLFRF Grant Funds – This fund is used to account for the American Rescue Plan Act (ARPA) funds received and are to be used on general government expenditures.

Non-Major Governmental Funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes, or designated to finance particular functions or activities of the County.

Blended Component Unit – This fund accounts for Cottle County Assistance District No. 1 sales tax receipts. The sales tax receipts are used by each road and bridge precinct to purchase gravel.

Fiduciary Funds:

Fiduciary Funds, which include funds held by County offices, also are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other government, and/or other funds. These include Custodial Funds.

E. OTHER ACCOUNTING POLICIES

1. The County considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.
2. In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.
3. Capital assets include land, buildings, furniture, and equipment and are reported in the applicable governmental activities columns in the Government-Wide Financial Statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or

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COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and Improvements	15-30
Vehicles and Equipment	3-15

4. The County provides statutory workers' compensation insurance for its employees through Texas Association of Counties (TAC), a joint insurance fund, in which the County is a member.

II. PROPERTY TAX

Property taxes are levied by October 1st 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 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide Appraisal Districts and for the State Property Tax Board which commenced operation in January of 1980.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rates assessed for the year ended September 30, 2024 to finance maintenance and operations of the County and special assessments were \$.7612 and \$.0518 per \$100 valuation, respectively, for a total of \$.8130 per \$100 valuation.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing 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, 2024, the carrying amount of the County's deposits was \$1,643,781 and the bank balance was \$1,689,694.

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) 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, and (9) 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, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The carrying value of investments (certificates of deposit with original maturity of more than three months and investments with UBS Financial Services) at September 30, 2024 was \$2,885,707.

Policies Governing Deposits and Investments:

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy.

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COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

That policy does not address the following risk:

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 and during the year ended September 30, 2024 were covered by depository insurance or by pledged collateral held by the County's agent bank.

The County's investments are certificates of deposits covered by pledged securities.

B. INTERFUND BALANCES AND TRANSFERS

The County had no interfund balances or transfers in the current year ending September 30, 2024.

C. DISAGGREGATION OF RECEIVABLES

In the Government-Wide Statement of Net Position, the County reported the following receivables:

	<u>Balance</u>	<u>Allowance</u>	<u>Net</u>
Taxes Receivable	\$ 76,337	\$ 50,035	\$ 26,302
Fee Office Receivable	1,123,896	1,071,626	52,270
Grant Receivable	1,690		1,690
EMS Receivable	89,584	51,959	37,625
Interest Receivable	10,217		10,217
Other Receivables	19,246		19,246
	<u>\$ 1,320,970</u>	<u>\$ 1,173,620</u>	<u>\$ 147,350</u>

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COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

D. CAPITAL ASSET ACTIVITY

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

	Balance October 1, 2023	Additions	Retirements	Balance September 30, 2024
Governmental Activities				
Non-Depreciable Assets				
Land	\$ 41,190	\$ 6,403	\$ 6,000	\$ 41,593
Total Non-Depreciable Assets	\$ 41,190	\$ 6,403	\$ 6,000	\$ 41,593
Depreciable Assets				
Buildings and Improvements	\$ 1,995,654	\$ 81,664	\$ 491,560	\$ 1,585,758
Machinery and Equipment	2,000,369	217,859	208,983	2,009,245
Total Depreciable Assets	\$ 3,996,023	\$ 299,523	\$ 700,543	\$ 3,595,003
Totals at Historic Cost	\$ 4,037,213	\$ 305,926	\$ 706,543	\$ 3,636,596
Less Accumulated Depreciation				
Buildings and Improvement	\$ 1,452,422	\$ 50,991	\$ 491,124	\$ 1,012,289
Machinery and Equipment	1,702,008	244,658	208,983	1,737,683
Total Accumulated Depreciation	\$ 3,154,430	\$ 295,649	\$ 700,107	\$ 2,749,972
Governmental Activities Capital Assets, Net	\$ 882,783	\$ 10,277	\$ 6,436	\$ 886,624

Current year depreciation expense was charged to governmental functions as follows:

Non-Departmental	\$ 34,589
General Judicial Expense	19,169
County Courthouse and Associated Buildings	26,961
Ambulance	59,289
County Sheriff	9,264
Road and Bridge	146,377
Total Depreciation	\$ 295,649

E. RISK MANAGEMENT

Workers' Compensation

During the year ended September 30, 2024 employees of the County were covered by a workers' compensation plan administered by the Texas Association of Counties. The County paid a contribution of \$8,722 for the year ended September 30, 2024. These figures are subject to change based upon actual payroll figures.

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COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Life Insurance

Full-time employees are covered by a life insurance policy through Nippon Life Benefits at a cost to the County.

Health Care

During the year ended September 30, 2024, full-time employees of the County were covered through Texas Association of Counties. The County pays for the employee's coverage. The cost to the County for the year ended September 30, 2024 was \$146,025.

F. RETIREMENT PENSION PLAN

Plan Description:

The County provides retirement, disability and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 868 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar basis. The ACFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS. Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after eight years of service.

Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Pension Plan Fiduciary Net Position:

Detailed information about the TCDRS fiduciary net position is available in a separately-issued ACFR that includes financial statements and required supplementary information mentioned in the above section.

COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

The information provided by TCDRS shows the following information regarding the Pension Plan fiduciary net position for the County as of December 31, 2023.

Net Pension Asset	Total
Total Pension Liability	\$ 2,024,922
Less: Plan Fiduciary Net Position	2,497,075
Net Pension Liability (Asset)	\$ (472,153)
Net Position as Percentage of Total Pension Liability	-123.32%

Benefits Provided:

TCDRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries). The normal service retirement is at age 60 with eight years of credited service, when the sum of the member's age and years of credited service equals 80 or more years, or after 30 years of service regardless of age. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

Contributions:

The plan is funded by monthly contributions from employee deposits and from employer contributions based on the covered payroll of employee members. Under the variable rate plan provisions, the contribution rate of the employer is actuarially determined annually. The required contribution was determined as part of the December 31, 2023 actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions at December 31, 2023 included (a) a 7.50% investment rate of return (net of administrative expenses) and (b) a projected salary increase of 4.7%. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The employer contribution rate was 7.00% for 2023. The deposit rate payable by employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the Texas state statutes governing TCDRS.

	Contribution Rates	
	2023	2024
Member	7.00%	7.00%
Employer	7.00%	7.00%

FY 2024 Employer Contributions	\$ 49,811
FY 2024 Member Contributions	49,811

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COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Actuarial Assumptions:

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Smoothing Period	Five Years
Recognition Method	Non-asymptotic
Corridor	None
Remaining Amortization Period	0 years
Discount Rate	7.60%
Long-Term Expected Investment	
Rate of Return*	7.60%
Salary Increases*	4.79%
Payroll Growth Rate	1.50%
<i>*Includes Inflation of 2.50%</i>	

The actuarial methods and assumptions are primarily based on a study of the County's workforce and estimate of benefits it will pay its employees. The economic and demographic assumptions have been established based on the 2023 experience study for TCDRS, details of which can be found in the 2022 Investigation and Experience Report on the TCDRS website.

Discount Rate:

The discount rate used to measure the total pension liability was 7.60%. The previous year's discount rate was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entities are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.60%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2023 are summarized below:

Asset Class	Target Allocation **	Long-Term Expected Portfolio Real Rate of Return*
US Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities - Developed	5.00%	4.75%
International Equities - Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%
Total	100.00%	

* - Geometric real rates of return in addition to assumed inflation of 2.2%,
per Cliffwater's 2024 capital market assumptions

** - Target asset allocation adopted at the March 2024 TCDRS Board Meeting.

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the Net Pension Liability / (Asset) if the discount rate used was one percent less than and one percent greater than the discount rate that was used (7.60%) in measuring the 2023 Net Pension Asset.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	\$ 2,260,982	\$ 2,024,922	\$ 1,826,086
Fiduciary Net Position	2,497,075	2,497,075	2,497,075
Net Pension Liability / (Asset)	\$ (236,093)	\$ (472,153)	\$ (670,989)

COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2023, the County reported an asset of \$472,153 for its proportionate share of the TCDRS net pension asset.

The net pension asset was measured as of December 31, 2023 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The employer's proportion of the net pension asset was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period January 1, 2023 through December 31, 2023.

For the plan year ended December 31, 2023, there were no changes in assumptions and plan provisions.

At December 31, 2023, the County reported its proportionate share of the TCDRS deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$	\$ 30,355
Changes of Assumptions	9,639	
Net Difference Between Projected and Actual Earnings	6,584	
Contributions Paid to TCDRS Subsequent to the Measurement Date	37,725	
Total	\$ 53,948	\$ 30,355

The net amounts of the employer's balances of deferred outflows and inflows related to pensions will be recognized in pension expense as follows:

	Amortization of Deferred Outflows/(Inflows) of Resources
2024	\$ 19,190
2025	(21,818)
2026	37,350
2027	(11,129)
	\$ 23,593

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COTTLE COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

At December 31, 2023, the County reported deferred outflows and inflows of resources for the TCDRS pension plan as follows:

	Deferred Outflows/(Inflows) of Resources
Total Net Amounts as of December 31, 2022 Measurement Date	\$ 25,419
Contributions Made Subsequent to the Measurement Date	37,725
Contributions Made Prior to the Measurement Date	(32,756)
Net Deferred Outflows/(Inflows) related to the year ending December 31, 2022	(55,649)
Amortization of Deferred Outflows/(Inflows)	48,854
Total Net Amounts as of December 31, 2023	\$ 23,593

Pension Expense/(Income):

Pension income for the plan for the year ended December 31, 2023 was \$(52,600) and was calculated as follows:

	Pension Expense
Service Cost	\$ 65,703
Interest on Total Pension Liability	146,041
Administrative Expenses	1,304
Member Contributions	(45,512)
Expected Investment Return Net of Investment Expenses	(172,268)
Amortization of Deferred Inflows and Outflows of Resources	(48,854)
Other	986
Total Pension Expense as of December 31, 2023	\$ (52,600)

Employees Covered by Benefit Terms:

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	18
Inactive Employees Entitled to but not Yet Receiving Benefits	28
Active Employees	27
Total Plan Employees	73

COTTLE COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

G. LITIGATION AND COMMITMENTS

There is no pending litigation against the County at September 30, 2024 that would have a material effect on the financial statements.

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. ACCRUED COMPENSATED ABSENCES

Accumulated unpaid leave amounts are not accrued in the governmental funds using the modified accrual basis of accounting but are reflected in the government-wide Statement of Net Position. At September 30, 2024, accrued employee benefits recorded on the Statement of Net Position were for vacation pay in the amount of \$7,316.

J. TAX ABATEMENTS

The County has entered into tax abatement agreements with various solar farms. These agreements are for a ten-year period and will result in payments in lieu of taxes.

REQUIRED SUPPLEMENTARY INFORMATION

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COTLE COUNTY, TEXAS

Exhibit B-1

**SCHEDULE OF CHANGES IN NET PENSION
ASSET AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
TOTAL PENSION LIABILITY / (ASSET)										
Service Cost	\$ 45,951	\$ 33,498	\$ 45,949	\$ 37,923	\$ 39,104	\$ 53,461	\$ 55,926	\$ 60,394	\$ 66,397	\$ 65,703
Interest Cost	104,950	111,100	116,169	120,698	127,064	132,180	137,406	139,435	146,434	146,041
Effect of Plan Changes		(3,533)								
Effect of Economic/Demographic losses	2,622	(11,362)	(14,514)	15,044	4,950	(8,410)	(11,568)	19,480	(85,593)	22,992
Effect of Assumptions Changes or Inputs		18,578		20,711			83,749	(29,133)		
Benefit Payments/Refunds of Contributions	(70,431)	(85,733)	(84,228)	(117,345)	(132,918)	(113,840)	(118,853)	(143,857)	(134,303)	(129,040)
Proportionate Share adjustment					1,046	(25)	(130)	54	37,071	
Net Change in Total Pension Liability	\$ 83,092	\$ 62,548	\$ 63,376	\$ 77,031	\$ 39,246	\$ 63,366	\$ 146,530	\$ 46,373	\$ 30,006	\$ 105,696
Total Pension Liability, Beginning	1,307,658	1,390,750	1,453,298	1,516,674	1,593,705	1,632,951	1,696,317	1,842,847	1,889,220	1,919,226
Total Pension Liability, Ending	\$ 1,390,750	\$ 1,453,298	\$ 1,516,674	\$ 1,593,705	\$ 1,632,951	\$ 1,696,317	\$ 1,842,847	\$ 1,889,220	\$ 1,919,226	\$ 2,024,922
FIDUCIARY NET POSITION										
Employer Contributions	\$ 30,341	\$ 31,214	\$ 32,125	\$ 28,216	\$ 31,097	\$ 37,794	\$ 39,231	\$ 41,928	\$ 43,813	\$ 45,512
Member Contributions	30,341	31,214	32,125	28,216	31,097	37,794	39,231	41,928	43,813	45,512
Investment Income, Net of Expenses	105,277	19,299	112,243	231,857	(33,821)	273,709	196,272	444,161	(141,425)	250,909
Benefit Payments/Refunds of Contributions	(70,431)	(85,733)	(84,228)	(117,345)	(132,918)	(113,840)	(118,853)	(143,857)	(134,303)	(129,040)
Administrative Expenses	(1,140)	(1,097)	(1,221)	(1,173)	(1,338)	(1,448)	(1,503)	(1,318)	(1,340)	(1,303)
Other	10,965	(9,090)	(7,930)	(1,205)	14	(1,045)	(1,007)	(1,134)	42,666	(986)
Net Change in Fiduciary Net Position	\$ 105,353	\$ (14,193)	\$ 83,114	\$ 168,566	\$ (105,869)	\$ 232,964	\$ 153,371	\$ 381,708	\$ (146,776)	\$ 210,604
Fiduciary Net Position, Beginning	1,428,233	1,533,586	1,519,393	1,602,507	1,771,073	1,665,204	1,898,168	2,051,539	2,433,247	2,286,471
Fiduciary Net Position, Ending	\$ 1,533,586	\$ 1,519,393	\$ 1,602,507	\$ 1,771,073	\$ 1,665,204	\$ 1,898,168	\$ 2,051,539	\$ 2,433,247	\$ 2,286,471	\$ 2,497,075
NET PENSION LIABILITY / (ASSET)	<u>\$ (142,836)</u>	<u>\$ (66,095)</u>	<u>\$ (85,833)</u>	<u>\$ (177,368)</u>	<u>\$ (32,253)</u>	<u>\$ (201,851)</u>	<u>\$ (208,692)</u>	<u>\$ (544,027)</u>	<u>\$ (367,245)</u>	<u>\$ (472,153)</u>
Fiduciary Net Position as a % of Total Pension Liability	110.27%	104.55%	105.66%	111.13%	101.98%	111.90%	111.32%	128.80%	119.14%	123.32%
County's Covered-Employee Payroll	\$ 433,449	\$ 445,916	\$ 458,931	\$ 403,086	\$ 444,244	\$ 539,853	\$ 560,432	\$ 598,975	\$ 625,895	\$ 650,174
Net Pension Asset as a % of Covered Employee Payroll	-32.95%	-14.82%	-18.70%	-44.00%	-7.26%	-37.39%	-37.24%	-90.83%	-58.68%	-72.62%

The accompanying notes are an integral part of this statement.

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COTTLE COUNTY, TEXAS

Exhibit B-2

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Year Ending September 30,		Actuarially Determined Contribution		Actual Employer Contribution		Contribution Deficiency (Excess)		Pensionable Covered Payroll (1)		Actual Contribution as a % of Covered Payroll
2015	\$	30,223	\$	30,223	\$	-	\$	431,757		0.07
2016		32,561		32,561		-		465,157		0.07
2017		28,397		28,397		-		405,676		0.07
2018		29,056		29,056		-		415,086		0.07
2019		37,130		37,130		-		530,429		0.07
2020		38,984		38,984		-		556,915		0.07
2021		41,173		41,173		-		588,188		0.07
2022		43,056		43,056		-		615,086		0.07
2023		43,598		43,598		-		622,829		0.07
2024		49,811		49,811		-		718,588		0.07

The accompanying notes are an integral part of this statement.

COTTLE COUNTY, TEXAS

Exhibit B-3

**BUDGETARY COMPARISON - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	(Unaudited) Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 1,263,972	\$ 1,263,972	\$ 1,288,449	\$ 24,477
Other Taxes	5,000	5,000	5,230	230
Intergovernmental Revenue and Grants	287,200	37,200	80,898	43,698
Charges for Services	90,000	90,000	88,037	(1,963)
Fines and Fees	43,000	43,000	49,003	6,003
Investment Earnings			189,820	189,820
Other Revenue	5,600	5,600	18,459	12,859
Total Revenues	<u>\$ 1,694,772</u>	<u>\$ 1,444,772</u>	<u>\$ 1,719,896</u>	<u>\$ 275,124</u>
Expenditures:				
Current:				
County Judge	\$ 66,615	\$ 66,615	\$ 63,575	\$ 3,040
County/District Clerk	113,898	113,898	108,026	5,872
Non-Departmental	323,845	323,845	233,264	90,581
District Court	12,179	12,179	12,179	
Justice of the Peace	59,226	59,226	61,929	(2,703)
General Judicial Expense	24,500	24,500	5,762	18,738
District Attorney	14,955	14,955	14,955	
County Attorney	15,100	15,100	15,000	100
Elections	28,000	28,000	16,559	11,441
County Treasurer	72,491	72,491	71,474	1,017
Tax Assessor/Collector	96,342	96,342	95,812	530
County Courthouse and Associated Buildings	90,440	90,440	42,699	47,741
County Jail/Detention Facility	6,000	6,000	11,426	(5,426)
VFW Building	5,500	5,500	5,707	(207)
Ambulance	212,282	212,282	227,784	(15,502)
Fire Protection	20,700	20,700	11,678	9,022
County Sheriff	473,388	223,388	203,266	20,122
Probation - Adult	8,000	8,000	8,000	
Library	19,500	19,500	22,116	(2,616)
Museum	9,750	9,750	4,737	5,013
Agriculture Extension Service	22,061	22,061	18,899	3,162
Total Expenditures	<u>\$ 1,694,772</u>	<u>\$ 1,444,772</u>	<u>\$ 1,254,847</u>	<u>\$ 189,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 465,049</u>	<u>\$ 465,049</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 465,049	\$ 465,049
Fund Balances - Beginning	<u>3,092,117</u>	<u>3,092,117</u>	<u>3,092,117</u>	<u>0</u>
Fund Balances - Ending	<u><u>\$ 3,092,117</u></u>	<u><u>\$ 3,092,117</u></u>	<u><u>\$ 3,557,166</u></u>	<u><u>\$ 465,049</u></u>

COTTLE COUNTY, TEXAS

Exhibit B-4

**BUDGETARY COMPARISON - ROAD & BRIDGE FUND - PCT. 1
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	(Unaudited) Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 92,851	\$ 92,851	\$ 94,636	\$ 1,785
License and Permits	16,000	16,000	18,312	2,312
Intergovernmental Revenue and Grants	7,000	7,000	8,814	1,814
Fines and Fees	1,000	1,000	960	(40)
Investment Earnings			1,218	1,218
Other Revenue			213	213
Total Revenues	<u>\$ 116,851</u>	<u>\$ 116,851</u>	<u>\$ 124,153</u>	<u>\$ 7,302</u>
Expenditures:				
Current:				
Road and Bridge	\$ 116,851	\$ 116,851	\$ 87,797	\$ 29,054
Total Expenditures	<u>\$ 116,851</u>	<u>\$ 116,851</u>	<u>\$ 87,797</u>	<u>\$ 29,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,356</u>	<u>\$ 36,356</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 36,356	\$ 36,356
Fund Balances - Beginning	<u>108,652</u>	<u>108,652</u>	<u>108,652</u>	
Fund Balances - Ending	<u><u>\$ 108,652</u></u>	<u><u>\$ 108,652</u></u>	<u><u>\$ 145,008</u></u>	<u><u>\$ 36,356</u></u>

COTTLE COUNTY, TEXAS

Exhibit B-5

**BUDGETARY COMPARISON - ROAD & BRIDGE FUND - PCT. 2
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	(Unaudited) Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 92,851	\$ 92,851	\$ 94,636	\$ 1,785
License and Permits	16,000	16,000	18,312	2,312
Intergovernmental Revenue and Grants	7,000	7,000	8,814	1,814
Fines and Fees	1,000	1,000	960	(40)
Investment Earnings			3,220	3,220
Total Revenues	<u>\$ 116,851</u>	<u>\$ 116,851</u>	<u>\$ 125,942</u>	<u>\$ 9,091</u>
Expenditures:				
Current:				
Road and Bridge	\$ 116,851	\$ 116,851	\$ 118,432	\$ (1,581)
Total Expenditures	<u>\$ 116,851</u>	<u>\$ 116,851</u>	<u>\$ 118,432</u>	<u>\$ (1,581)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,510</u>	<u>\$ 7,510</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 7,510	\$ 7,510
Fund Balances - Beginning			179,670	
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 187,180</u>	<u>\$ 7,510</u>

COTTLE COUNTY, TEXAS

Exhibit B-6

**BUDGETARY COMPARISON - ROAD & BRIDGE FUND - PCT. 3
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	(Unaudited) Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 92,851	\$ 92,851	\$ 94,494	\$ 1,643
License and Permits	16,000	16,000	18,312	2,312
Intergovernmental Revenue and Grants	7,000	7,000	8,814	1,814
Fines and Fees	1,000	1,000	960	(40)
Investment Earnings			1,779	1,779
Other Revenue			1,075	1,075
Total Revenues	<u>\$ 116,851</u>	<u>\$ 116,851</u>	<u>\$ 125,434</u>	<u>\$ 8,583</u>
Expenditures:				
Current:				
Road and Bridge	\$ 116,851	\$ 116,851	\$ 135,773	\$ (18,922)
Total Expenditures	<u>\$ 116,851</u>	<u>\$ 116,851</u>	<u>\$ 135,773</u>	<u>\$ (18,922)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (10,339)</u>	<u>\$ (10,339)</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ (10,339)	\$ (10,339)
Fund Balances - Beginning			99,464	
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 89,125</u>	<u>\$ (10,339)</u>

COTTLE COUNTY, TEXAS

Exhibit B-7

**BUDGETARY COMPARISON - ROAD & BRIDGE FUND - PCT. 4
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	(Unaudited) Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 92,851	\$ 92,851	\$ 94,778	\$ 1,927
License and Permits	16,000	16,000	18,312	2,312
Intergovernmental Revenue and Grants	7,000	7,000	8,814	1,814
Fines and Fees	1,000	1,000	960	(40)
Investment Earnings			1,090	1,090
Total Revenues	<u>\$ 116,851</u>	<u>\$ 116,851</u>	<u>\$ 123,954</u>	<u>\$ 7,103</u>
Expenditures:				
Current:				
Road and Bridge	\$ 116,851	\$ 116,851	\$ 215,424	\$ (98,573)
Total Expenditures	<u>\$ 116,851</u>	<u>\$ 116,851</u>	<u>\$ 215,424</u>	<u>\$ (98,573)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (91,470)</u>	<u>\$ (91,470)</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ (91,470)	\$ (91,470)
Fund Balances - Beginning			201,525	
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 110,055</u>	<u>\$ (91,470)</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

A. PENSION PLAN

CHANGES OF BENEFIT TERMS

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

CHANGES OF ASSUMPTIONS

There were new no changes of assumptions that affected measurement of the total pension liability during the measurement period.

B. BUDGETARY DATA

The County follows these procedures in establishing budgetary data reflected in these financial statements:

1. In the event the Commissioners' Court increases property taxes three percent or less, no public hearing is required. If the Court increases taxes more than three but less than eight percent, then a public hearing is required prior to final adoption. If the Court increases taxes more than eight percent, a public hearing is required and taxes are subject to a rollback petition and election. Beginning with the 1999 tax levy, any increase in property taxes will require a public hearing.
2. Public hearings are conducted at the Cottle County Courthouse to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through adoption of an order by the Commissioners' Court.
4. Any budget amendments altering expenditures of any department must be approved by the Commissioners' Court. There must be an emergency condition existing in order for the Court to increase the total budget.
5. Budgets for the various funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), with the exception of tax revenues being reported on the cash basis. Budget and actual amounts are recorded on the same basis.
6. Expenditures in excess of appropriations are required by state statutes to be reported down to the department classification.
7. The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners' Court during the year ended September 30, 2024.

OTHER INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS

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**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 Members
of the Commissioners' Court of
Cottle County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cottle County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Cottle County, Texas' basic financial statements, and have issued our report thereon dated January 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 29, 2025