

**HOUSTON COUNTY, TEXAS**

**AUDITED FINANCIAL STATEMENTS  
AND COMPLIANCE REPORTS**

**SEPTEMBER 30, 2023**



## **INTRODUCTORY SECTION**

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS  
TABLE OF CONTENTS  
SEPTEMBER 30, 2023**

PAGE NO.

**INTRODUCTORY SECTION**

Principal Public Officials ..... 3

**FINANCIAL SECTION**

Independent Auditors' Report .....7-9  
 Management's Discussion and Analysis - unaudited ..... 11-17

**Basic Financial Statements**

Government-wide Financial Statements

Statement of Net Position ..... 23  
 Statement of Activities .....24-25

Fund Financial Statements

Balance Sheet – Governmental Funds.....28-29  
 Reconciliation of the Balance Sheet – Governmental Funds  
 to the Statement of Net Position ..... 31  
 Statement of Revenues, Expenditures, and Changes  
 in Fund Balance – Governmental Funds.....32-33  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balance – Governmental Funds  
 to the Statement of Activities..... 35  
 Statement of Fiduciary Net Position – Fiduciary Funds..... 37  
 Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... 39  
 Notes to the Financial Statements .....43-61

**Required Supplementary Information - unaudited**

Schedule of Revenues, Expenditures, and Changes in Fund  
 Balance – Budget and Actual – General Fund .....65-66  
 Schedule of Revenues, Expenditures, and Changes in Fund  
 Balance – Budget and Actual – Road and Bridge Precinct No. 1 ..... 67  
 Schedule of Revenues, Expenditures, and Changes in Fund  
 Balance – Budget and Actual – Road and Bridge Precinct No. 2 ..... 69  
 Schedule of Revenues, Expenditures, and Changes in Fund  
 Balance – Budget and Actual – Road and Bridge Precinct No. 3 ..... 71  
 Schedule of Revenues, Expenditures, and Changes in Fund  
 Balance – Budget and Actual – Road and Bridge Precinct No. 4 ..... 73  
 Schedule of Revenues, Expenditures, and Changes in Fund  
 Balance – Budget and Actual – FEMA Fund..... 75  
 Schedule of Revenues, Expenditures, and Changes in Fund  
 Balance – Budget and Actual – American Rescue Plan Fund..... 77  
 Notes to the Budgetary Comparison Schedules ..... 79

**HOUSTON COUNTY, TEXAS  
TABLE OF CONTENTS  
SEPTEMBER 30, 2023**

PAGE NO.

**Required Supplementary Information – unaudited - *continued***

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Last Ten Years .....	81
Schedule of Pension Contributions – Last Ten Fiscal Years .....	83
Notes to the Schedule of Pension Contributions .....	85

**SUPPLEMENTARY INFORMATION SECTION**

**Combining Fund Statements**

Combining Balance Sheet – Nonmajor Governmental Funds .....	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	93
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	94-105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	106-117
Combining Statement of Fiduciary Net Position – Fiduciary Funds .....	118-123
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	124-129

**COMPLIANCE SECTION**

Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> .....	133-134
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	135-137
Schedule of Expenditures of Federal Awards .....	139-140
Notes to the Schedule of Expenditures of Federal Awards .....	141
Schedule of Findings and Questioned Costs	
Section I – Summary of Auditors’ Results .....	143
Section II – Financial Statements Audit Findings .....	144
Section III – Major Federal Award Programs Audit Findings and Questioned Costs .....	145
Summary Schedule of Prior Audit Findings .....	146

**HOUSTON COUNTY, TEXAS  
PRINCIPAL PUBLIC OFFICIALS  
AT SEPTEMBER 30, 2023**

**COMMISSIONERS COURT**

Jim Lovell ..... County Judge  
Gary Lovell ..... Commissioner Precinct No. 1  
Willie Kitchen ..... Commissioner Precinct No. 2  
Gene Stokes ..... Commissioner Precinct No. 3  
Jimmy Henderson ..... Commissioner Precinct No. 4

**COUNTY ELECTED OFFICIALS**

Morris Luker ..... Constable Precinct No. 1  
Kenneth Smith ..... Constable Precinct No. 2  
Daphne Session ..... County Attorney  
Terri Meadows ..... County Clerk  
Sarah T. Clark ..... County Court at Law  
Charles R. Hodges ..... County Surveyor  
Janis Omelina ..... County Treasurer  
Mike McCreight ..... Justice of the Peace, Precinct No. 1  
Ronnie Jordan ..... Justice of the Peace, Precinct No. 2  
Randy Hargrove ..... Sheriff  
Laronica Smith ..... Tax Assessor/Collector

**DISTRICT ELECTED OFFICIALS**

Donna Gordon Kaspar ..... District Attorney, 349th Judicial District  
Laura Goolsby ..... District Clerk  
Mark Alan Calhoon ..... District Judge, 3rd Judicial District  
Pam Foster Fletcher ..... District Judge, 349th Judicial District

**APPOINTED OFFICIALS**

Melissa Jeter ..... County Auditor  
Thomas Streetman ..... Juvenile Probation Department  
Jo Smith ..... County Extension Agent – Agriculture  
Vacant ..... County Extension Agent – Family & Consumer Science  
Sheila Johnson ..... Grants Administrator  
Heath Murff ..... Fire Marshal/Emergency Management Coordinator  
Michael Maiden ..... Veteran Service Officer  
Cynthia Lum ..... Elections Administrator  
Delman Orme ..... Environmental/Community Service Officer  
Carl Johnson ..... Facilities Administrator

This page left blank intentionally.

**FINANCIAL SECTION**

This page left blank intentionally.



## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinion***

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT – CONTINUED

### *Auditors' 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, and the schedule of pension contributions and related notes on pages 11 - 17 and 65 - 85, respectively, 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.

## INDEPENDENT AUDITORS' REPORT – CONTINUED

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements and the combining fiduciary fund statements on pages 91-129 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards on pages 139-140, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 nonmajor fund financial statements, the combining fiduciary fund statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024, on pages 133-134, 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.

Todd, Hamaker & Johnson, LLP

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

July 31, 2024

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

As management of Houston County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2023. We encourage readers to consider information presented here as well as the County's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

**Government-wide Financial Statements**

- The County's overall assets exceeded its total liabilities by \$11,614,115 (net position) at September 30, 2023. Of this amount, \$4,811,477 is available to be used to meet the County's ongoing obligations to citizens and creditors.
- Total assets decreased by \$1,361,419 from the prior year (excluding prior year net pension asset of \$2,465,373); total liabilities decreased by \$2,406,394 from the prior year (excluding current year net pension liability of \$73,011).
- Overall revenues exceeded expenses (or an increase in net position) by \$1,065,588. Depreciation expense of \$1,389,072 is included in these expenses.

**Fund Financial Statements**

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$6,515,155. Overall expenditures exceeded revenues by \$316,219.
- At September 30, 2023, unassigned fund balance for the General Fund was \$3,362,076, or approximately 36% of total General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements.** The *government-wide financial statements*, which begin on page 23 of this report, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The *statement of net position* 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 financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

**HOUSTON COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**(UNAUDITED)**

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* available at the end of the fiscal year.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Expenditures 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.

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 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 28 to 35 of this report.

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the County's own programs.

The fiduciary fund financial statements can be found on pages 37 to 39 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 to 61 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. The County's assets exceeded its liabilities by \$11,614,115 at September 30, 2023.

A large portion of the County's net position, or \$4,254,121, reflects its investment in capital assets (\$14,028,826) less the related debt used to acquire those assets that remains outstanding (\$9,774,705). The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position totaling \$2,548,517 represents resources that are subject to restriction on how they may be used. The remaining balance of \$4,811,477 is unrestricted in nature and used to meet the County's ongoing obligations to citizens and creditors.

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

**The County's Net Position**

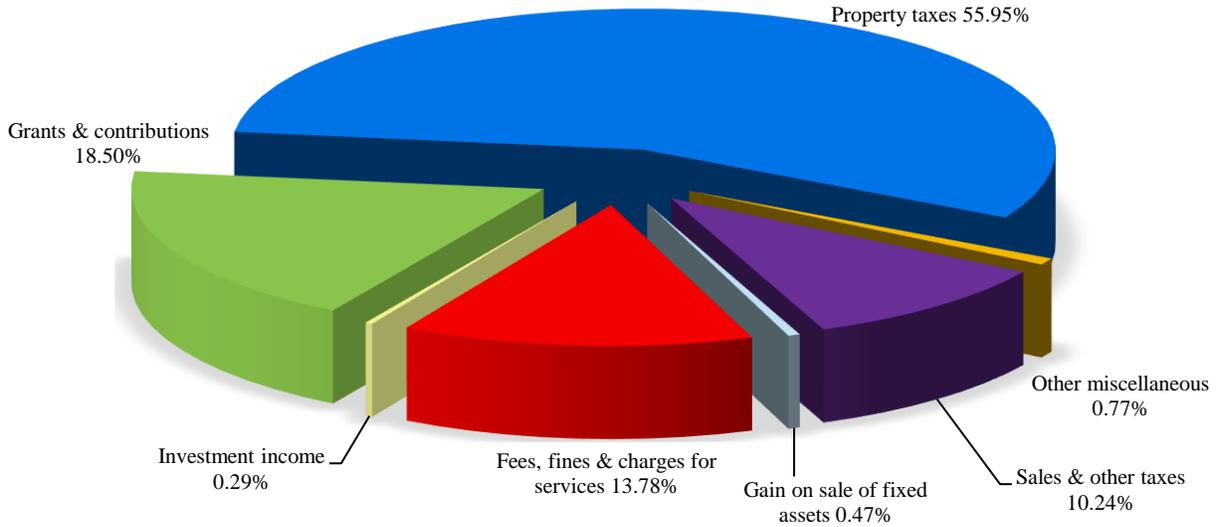
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 9,854,291	\$ 11,352,964
Net pension asset	-	2,465,373
SBITA assets, net	33,572	-
Capital assets, net	<u>14,028,826</u>	<u>13,925,144</u>
Total assets	<u>23,916,689</u>	<u>27,743,481</u>
Deferred outflows of resources	<u>1,240,752</u>	<u>1,204,695</u>
Total deferred outflows	<u>1,240,752</u>	<u>1,204,695</u>
Long-term liabilities	10,629,126	11,777,381
Net pension liability	73,011	-
Other liabilities	<u>2,630,523</u>	<u>3,888,662</u>
Total liabilities	<u>13,332,660</u>	<u>15,666,043</u>
Deferred inflows of resources	<u>210,666</u>	<u>2,733,606</u>
Total deferred inflows	<u>210,666</u>	<u>2,733,606</u>
Net position		
Invested in capital assets, net of related debt	4,254,121	3,227,762
Restricted	2,548,517	2,648,742
Unrestricted	<u>4,811,477</u>	<u>4,672,023</u>
Total net position	<u>\$ 11,614,115</u>	<u>\$ 10,548,527</u>

**Change in Net Position**

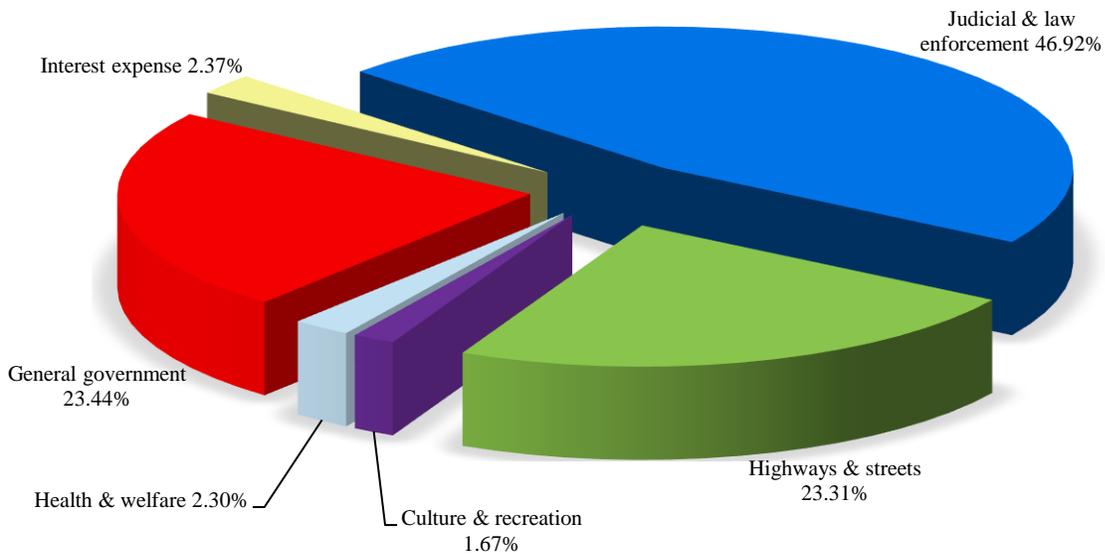
	<u>2023</u>	<u>2022</u>
Revenues		
Fees, fines, charges for services	\$ 2,344,083	\$ 2,479,863
Property taxes	9,513,995	8,961,918
Sales and other taxes	1,659,658	1,707,941
Investment income	49,014	26,143
Grants and contributions	3,146,482	3,606,171
Payment in lieu of taxes	82,052	93,293
Gain on sale of assets	79,112	56,797
Other miscellaneous	<u>131,123</u>	<u>137,739</u>
Total revenues	<u>17,005,519</u>	<u>17,069,865</u>
Expenses		
General government	3,692,955	3,129,900
Judicial and law enforcement	7,391,893	6,852,868
Highways and streets	3,672,233	3,537,654
Health and welfare	362,174	339,643
Culture and recreation	263,138	294,956
Pass-through expenditures	184,847	192,722
Interest on long-term debt	<u>372,691</u>	<u>399,341</u>
Total expenses	<u>15,939,931</u>	<u>14,747,084</u>
Increase (decrease) in net position	1,065,588	2,322,781
Net position at beginning of year	<u>10,548,527</u>	<u>8,225,746</u>
Net position at end of year	<u>\$ 11,614,115</u>	<u>\$ 10,548,527</u>

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

**Revenues by Source  
For the Fiscal Year Ended September 30, 2023**



**Expenses by Function  
For the Fiscal Year Ended September 30, 2023**



**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

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

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

The County's governmental fund financial statements are presented on pages 28 to 35.

As of September 30, 2023, the County's governmental funds reported a total fund balance of \$6,515,155. This fund balance is comprised of \$3,903,699 that is either in a nonspendable form, restricted or assigned for specific purpose. The remaining balance, \$2,611,456, is unassigned. Overall expenditures exceeded revenues in the current year by \$316,219.

**Budgetary Comparisons.** A comparison of the general fund, each individual road and bridge fund, FEMA fund, and American Rescue Plan fund budget and actual results are presented as required supplementary information on pages 65 to 77.

*General Fund.* Actual revenues were higher than budgeted amounts by \$575,145. Actual expenditures were lower than budgeted amounts by \$713,642. Actual other financing sources (uses) were favorable to budgeted amounts by \$3,907. An overall decrease in fund balance of \$1,285,000 had been projected, using prior year budget carryovers to fund the decrease. Overall fund balance increased by \$7,694.

*Road and Bridge Funds (combined).* Actual revenues were higher than budgeted amounts by \$19,306. Actual expenditures were lower than budgeted amounts by \$715,290. An overall decrease in fund balance of \$821,000 had been projected, using prior year budget carryovers to fund the decrease. The actual decrease in fund balance was \$547,575.

*FEMA Fund.* Actual revenues were higher than budgeted amounts by \$9,418. There were no expenditures and none were budgeted. Actual other financing sources (uses) were favorable to budgeted amounts by \$1,482. No change in fund balance had been projected. Overall fund balance increased by \$10,900.

*American Rescue Plan Fund.* Actual revenues were higher than budgeted amounts by \$1,419,589. Actual expenditures were lower than budgeted amounts by \$1,995,767. No change in fund balance had been projected. Overall fund balance decreased by \$9,173.

**CAPITAL ASSETS**

The County's investment in capital assets as of September 30, 2023 totaled \$14,028,826 (net of accumulated depreciation).

Capital asset additions during the year totaled \$1,500,061. Significant purchases included:

- Various heavy equipment (ARPA and LATCF grant funded)
- Dispatch equipment and repeater upgrades (ARPA grant funded)
- HVAC improvements at the old jail (ARPA grant funded)
- Various vehicles and outfitting (ARPA grant funded)
- District courtroom sound system (ARPA grant funded)

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

**Capital Assets (Net of Depreciation)**

	2023	2022
Land	\$ 181,382	\$ 181,382
Construction in progress	355,625	285,230
Buildings and improvements	19,440,890	19,358,883
Infrastructure	350,177	320,404
Rolling stock	9,015,389	8,183,235
Furniture and equipment	1,951,903	1,844,701
Less: accumulated depreciation	(17,266,540)	(16,248,691)
Total	\$ 14,028,826	\$ 13,925,144

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the County had total debt and capital lease obligations of \$10,594,705. New debt issued during the year included:

- Two lease renewals totaling \$472,628 to pay off and renew three existing leases.

**Debt Outstanding**

	Beginning Balance	Additions	Reductions	Ending Balance
Certificates of obligation	\$ 7,920,000	\$ -	\$ 605,000	\$ 7,315,000
Unamortized premiums	486,798	-	44,254	442,544
Tax anticipation notes	1,080,000	-	260,000	820,000
Notes payable	1,087,542	-	42,000	1,045,542
Capital leases	1,203,041	472,628	704,050	971,619
Total	\$ 11,777,381	\$ 472,628	\$ 1,655,304	\$ 10,594,705

**ECONOMIC FACTORS AND FUTURE FUNDING**

Houston County, the first county established by the Republic of Texas, is east of Waco in the East Texas County, the first county established by the Republic of Texas, is east of Waco in the East Texas Timberlands region. It is bordered on the north by Anderson County, on the east by Cherokee, Angelina, and Trinity counties, on the south by Walker and Madison counties, and on the west by Leon County. Houston County covers 1,237 square miles, 791, 680 acres, with elevations ranging from 200 to 300 feet. The Neches River forms the northeastern boundary of the county, and the Trinity River is the western boundary. Between 21 and 30 percent of the land in the county is considered prime farmland.

Houston County cities include Crockett, the county seat, Grapeland, Kennard, Latexo and Lovelady. School Districts within Houston County include Crockett ISD, Grapeland ISD, Kennard ISD, Latexo ISD, Lovelady ISD and portions of Elkhart ISD and Groveton ISD.

The Davy Crockett National Forest is administered by the United States Department of Agriculture Forest Service with a local ranger district office in Ratcliff and encompasses 94,481 acres of Houston County land. Union Pacific Railroad provides freight rail service. The Houston County Airport (KDKR) features a 4,000-foot runway with on-site aircraft services.

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

As of the 2020 census, there were 22,066 citizens and 8,234 households residing in the county. The median income for a household in the county was \$40,838. From the 2010 census, the population decreased 7%, the median income for a household had an increase of 26% and the total households decreased by 5%.

Local property taxes provide the major source of funding for county governments in Texas. Property tax revenue is historically very stable and predictable.

During Fiscal Year 2023, Houston County was active with multiple grant funding projects:

- Community Development Block Grant – street improvements in Precinct 1
- American Rescue Plan Act (ARPA)
- Local Assistance and Tribal Consistency Fund (LATCF)
- DETCOG – Senior Center
- DETCOG – 911 Rural Addressing
- DETCOG – Home Delivered Meal Program
- FEMA/TDEM – Hazard Mitigation Plan

Houston County's overall taxable assessed value rose 17.9% for tax year 2022. This is in part due to increases in commercial and residential growth as well as mandated value increases by the Houston County Appraisal District and the Texas Comptroller. New property added accounted for \$19,196,750.00 in taxable values, or \$86,001.44 in property taxes.

Houston County continues to be mindful of their financial condition and impact on the local taxpayers. We remain conservative and proactive in all aspects of county activities. We are concerned about the impact of declining state and federal revenues, including timber and mineral revenues from the Davy Crockett National Forest, and declining grant availability.

The Houston County Commissioners Court has worked with all of your elected officials to establish and adhere to a conservative, efficient budget while still providing adequate funding for important County services.

With cost cutting measures and adopting the tax rate of \$0.4747/\$100 for 2023, down from \$0.53/\$100 for 2022, the County has continued to provide services to Houston County at a superior level.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the County's finances. If you have questions about this report or need any additional information, contact the Houston County Auditor at (936) 544-3255 or write to 401 E. Goliad, Suite 204, Crockett, Texas 75835.

This page left blank intentionally.

## **BASIC FINANCIAL STATEMENTS**

This page left blank intentionally.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,856,870	\$ 3,856,870
Receivables		
Property taxes, net of allowance for uncollectibles	166,318	166,318
Sales tax receivable	228,170	228,170
Grants	851,415	851,415
Other - miscellaneous	158,940	158,940
Prepays	174,461	174,461
Restricted assets		
Cash and cash equivalents	3,345,977	3,345,977
Certificates of deposit	1,072,140	1,072,140
SBITA assets, net of accumulated amortization	33,572	33,572
Capital assets, net of accumulated depreciation	14,028,826	14,028,826
<b>TOTAL ASSETS</b>	<b>23,916,689</b>	<b>23,916,689</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on bond refunding	458,781	458,781
Pension plan	781,971	781,971
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,240,752</b>	<b>1,240,752</b>
<b>LIABILITIES</b>		
Accounts payable	248,349	248,349
Accrued expenses	272,433	272,433
Accrued interest	72,630	72,630
Unearned revenues	1,908,488	1,908,488
Compensated absences	128,623	128,623
Noncurrent liabilities		
SBITA liabilities - current portion	34,421	34,421
Long-term debt - current portion	1,245,466	1,245,466
Long-term debt - noncurrent portion	9,349,239	9,349,239
Net pension liability	73,011	73,011
<b>TOTAL LIABILITIES</b>	<b>13,332,660</b>	<b>13,332,660</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plan	210,666	210,666
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>210,666</b>	<b>210,666</b>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	4,254,121	4,254,121
Restricted for		
Deposits held as collateral by others	1,072,140	1,072,140
Debt service	29,747	29,747
General government	394,074	394,074
Judicial and law enforcement	324,047	324,047
Highways and streets	458,419	458,419
Culture and recreation	270,090	270,090
Unrestricted	4,811,477	4,811,477
<b>TOTAL NET POSITION</b>	<b>\$ 11,614,115</b>	<b>\$ 11,614,115</b>

See accompanying notes to the financial statements.

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

Functions/Programs	Expenses
Primary government	
Governmental activities	
General government	\$ 3,692,955
Judicial and law enforcement	7,391,893
Highways and streets	3,672,233
Health and welfare	362,174
Culture and recreation	263,138
Pass-through expenditures	184,847
Interest on long-term debt	372,691
Total governmental activities	\$ 15,939,931

Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 403,953	\$ 75,840	\$ 73,275	\$ (3,139,887)
1,089,159	564,726	351,512	(5,386,496)
777,816	715,895	351,361	(1,827,161)
49,963	195,748	566,497	450,034
23,192	66,781	-	(173,165)
-	184,847	-	-
-	-	-	(372,691)
<u>\$ 2,344,083</u>	<u>\$ 1,803,837</u>	<u>\$ 1,342,645</u>	<u>(10,449,366)</u>

General revenues

Property taxes	9,513,995
Sales taxes	1,584,010
Other taxes	75,648
Investment income	49,014
Payments in lieu of taxes	82,052
Gain (loss) on sale of assets	79,112
Miscellaneous income	131,123
General revenues, net	<u>11,514,954</u>
Change in net position	1,065,588
Net position - beginning	<u>10,548,527</u>
Net position - ending	<u>\$ 11,614,115</u>

See accompanying notes to the financial statements.

This page left blank intentionally.

**FUND FINANCIAL STATEMENTS**

**HOUSTON COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	General Fund	Road and Bridge Fund Pct No. 1	Road and Bridge Fund Pct No. 2
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,365,324	\$ 258,683	\$ 8,857
Certificates of deposit	1,068,621	-	-
Receivables			
Property taxes, net of allowance	147,028	-	-
Sales taxes	228,170	-	-
Grants	2,883	-	-
Other - miscellaneous	105,724	-	-
Due from other funds	17,552	64,071	57,686
Prepaid items	116,617	3,828	3,989
<b>TOTAL ASSETS</b>	<b>\$ 5,051,919</b>	<b>\$ 326,582</b>	<b>\$ 70,532</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	293,662	9,770	10,846
Due to other funds	16,922	-	15,000
Unearned revenues	98,619	-	-
<b>Total liabilities</b>	<b>409,203</b>	<b>9,770</b>	<b>25,846</b>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	92,952	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	2,450	-	-
<b>Total deferred inflows of resources</b>	<b>95,402</b>	<b>-</b>	<b>-</b>
 <b>Fund balances</b>			
Nonspendable	116,617	3,828	3,989
Restricted	1,068,621	-	-
Assigned	-	312,984	40,697
Unassigned	3,362,076	-	-
<b>Total fund balances</b>	<b>4,547,314</b>	<b>316,812</b>	<b>44,686</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 5,051,919</b>	<b>\$ 326,582</b>	<b>\$ 70,532</b>

				(page 91)	
Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	FEMA Funds	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 311,659	\$ 325,553	\$ -	\$ 1,500,569	\$ 1,841,162	\$ 7,611,807
-	-	-	-	3,519	1,072,140
-	-	-	-	19,290	166,318
-	-	-	-	-	228,170
-	-	735,367	-	113,165	851,415
-	-	-	-	53,216	158,940
94,024	116,690	-	-	23,809	373,832
4,198	4,936	-	-	26,879	160,447
<u>\$ 409,881</u>	<u>\$ 447,179</u>	<u>\$ 735,367</u>	<u>\$ 1,500,569</u>	<u>\$ 2,081,040</u>	<u>\$ 10,623,069</u>
\$ -	\$ -	\$ 400,396	\$ -	\$ 8,565	\$ 408,961
26,473	20,360	-	34,864	124,806	520,781
-	-	335,571	5,343	996	373,832
-	-	-	1,460,362	349,507	1,908,488
<u>26,473</u>	<u>20,360</u>	<u>735,967</u>	<u>1,500,569</u>	<u>483,874</u>	<u>3,212,062</u>
-	-	-	-	11,773	104,725
-	-	734,767	-	51,618	786,385
-	-	-	-	2,292	4,742
-	-	734,767	-	65,683	895,852
4,198	4,936	-	-	26,879	160,447
-	-	-	-	1,458,203	2,526,824
379,210	421,883	-	-	61,654	1,216,428
-	-	(735,367)	-	(15,253)	2,611,456
<u>383,408</u>	<u>426,819</u>	<u>(735,367)</u>	<u>-</u>	<u>1,531,483</u>	<u>6,515,155</u>
<u>\$ 409,881</u>	<u>\$ 447,179</u>	<u>\$ 735,367</u>	<u>\$ 1,500,569</u>	<u>\$ 2,081,040</u>	<u>\$ 10,623,069</u>

See accompanying notes to the financial statements.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Total fund balances - governmental funds balance sheet	\$ 6,515,155
Amounts reported for governmental activities in the statement of activities are different because:	
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows in the governmental funds.	895,852
Prepaid bond insurance is not a current financial resource and therefore, is not reported in the governmental funds.	14,014
Net pension assets are not current financial resources and therefore, are not reported in the governmental funds.	33,572
Capital assets and SBITA assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	14,028,826
Differences resulting from the refunding of certificates of obligation relate to long-term debt and therefore, are not reported in the governmental funds.	458,781
Deferred pension plan amounts relate to subsequent pension plan measurement periods and/or do not consume current financial resources and therefore, these amounts are not reported in the governmental funds.	571,305
Payables for accrued interest on long-term liabilities and accrued compensated absences are not due in the current period and therefore, are not reported in the governmental funds.	(201,253)
Payables for long-term liabilities, including SBITA liabilities, certificates of obligation, capital leases, and net pension liabilities are not due in the current period and therefore are not reported in the governmental funds.	<u>(10,702,137)</u>
Net position of governmental activities	<u>\$ 11,614,115</u>

See accompanying notes to the financial statements.

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

	General Fund	Road and Bridge Fund Pct No. 1	Road and Bridge Fund Pct No. 2
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 8,385,288	\$ -	\$ -
General sales and use taxes	1,584,010	-	-
Selective sales and use taxes	42,057	-	-
Fees, licenses, and permits	206,921	110,608	145,537
Charges for services	725,140	-	-
Fines and forfeitures	175,587	-	-
Intergovernmental revenue and grants	203,958	6,485	8,534
Contributions and donations from private sources	-	50	4,800
Payments in lieu of taxes	82,052	-	-
Investment earnings	35,707	1,752	42
Other revenue	119,501	-	-
Total revenues	<u>11,560,221</u>	<u>118,895</u>	<u>158,913</u>
<b>EXPENDITURES</b>			
General government	3,326,431	-	-
Judicial and law enforcement	5,584,749	-	-
Highways and streets	-	748,602	604,185
Health and welfare	-	-	-
Culture and recreation	124,616	-	-
Pass-through expenditures	-	-	-
Capital outlay	3,694	25,946	-
Debt service			
Principal	97,085	45,167	67,861
Interest	43,221	5,994	12,181
Total expenditures	<u>9,179,796</u>	<u>825,709</u>	<u>684,227</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,380,425</u>	<u>(706,814)</u>	<u>(525,314)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	380	-	86,039
Proceeds from debt issuance	-	-	-
Transfers in	2,560	348,179	462,069
Transfers out	(2,375,671)	-	-
Net other financing sources (uses)	<u>(2,372,731)</u>	<u>348,179</u>	<u>548,108</u>
<b>NET CHANGE IN FUND BALANCE</b>	7,694	(358,635)	22,794
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>4,539,620</u>	<u>675,447</u>	<u>21,892</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 4,547,314</u>	<u>\$ 316,812</u>	<u>\$ 44,686</u>

				(page 93)	
Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	FEMA Funds	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,065,096	\$ 9,450,384
-	-	-	-	-	1,584,010
-	-	-	-	40,820	82,877
168,823	157,180	-	-	282,956	1,072,025
-	-	-	-	170,791	895,931
-	-	-	-	200,540	376,127
9,899	9,216	14,000	1,415,838	1,409,416	3,077,346
8,880	6,000	-	-	7,538	27,268
-	-	-	-	-	82,052
1,851	1,878	-	-	7,784	49,014
970	-	-	3,751	6,901	131,123
<u>190,423</u>	<u>174,274</u>	<u>14,000</u>	<u>1,419,589</u>	<u>3,191,842</u>	<u>16,828,157</u>
-	-	-	65,060	105,364	3,496,855
-	-	-	18,350	1,187,865	6,790,964
658,201	795,193	-	402,546	134,479	3,343,206
-	-	-	-	359,426	359,426
-	-	-	-	44,226	168,842
-	-	-	-	184,847	184,847
-	-	-	942,806	405,221	1,377,667
41,668	21,641	-	-	865,000	1,138,422
5,267	2,489	-	-	301,414	370,566
<u>705,136</u>	<u>819,323</u>	<u>-</u>	<u>1,428,762</u>	<u>3,587,842</u>	<u>17,230,795</u>
<u>(514,713)</u>	<u>(645,049)</u>	<u>14,000</u>	<u>(9,173)</u>	<u>(396,000)</u>	<u>(402,638)</u>
-	-	-	-	-	86,419
-	-	-	-	-	-
487,996	460,032	-	-	1,019,185	2,780,021
-	-	(3,100)	-	(401,250)	(2,780,021)
<u>487,996</u>	<u>460,032</u>	<u>(3,100)</u>	<u>-</u>	<u>617,935</u>	<u>86,419</u>
(26,717)	(185,017)	10,900	(9,173)	221,935	(316,219)
<u>410,125</u>	<u>611,836</u>	<u>(746,267)</u>	<u>9,173</u>	<u>1,309,548</u>	<u>6,831,374</u>
<u>\$ 383,408</u>	<u>\$ 426,819</u>	<u>\$ (735,367)</u>	<u>\$ -</u>	<u>\$ 1,531,483</u>	<u>\$ 6,515,155</u>

See accompanying notes to the financial statements.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balance - governmental funds	\$ (316,219)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities.	1,500,061
The depreciation and amortization of capital and SBITA assets used in governmental activities are not reported in the governmental funds.	(1,422,645)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	98,249
Repayment of SBITA liabilities is an expenditure in the governmental funds, but is not an expense in the statement of activities.	32,724
Repayment of long-term debt is an expenditure in the governmental funds, but is not an expense in the statement of activities.	1,138,422
The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals) decreases net position.	(7,307)
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.	(22,063)
Amount represents the change in accrued interest from the beginning of the period to the end of the period.	900
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.	66,491
This amount represents the net change in the bond premium, prepaid bond insurance, and the deferred amount on refunding from the beginning of the period to the end of the period.	<u>(3,025)</u>
Change in net position of governmental activities	<u>\$ 1,065,588</u>

See accompanying notes to the financial statements.

This page left blank intentionally.

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

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash	\$ 1,608,979
Invested cash	290,203
Accounts receivable	-
Due from other funds	<u>18,223</u>
<b>TOTAL ASSETS</b>	<u><b>1,917,405</b></u>
<b>LIABILITIES</b>	
Accounts payable	2,369
Due to other funds	110,388
Due to other governmental units	<u>365,131</u>
<b>TOTAL LIABILITIES</b>	<u><b>477,888</b></u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, or other governments	<u>1,439,517</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 1,439,517</b></u>

See accompanying notes to the financial statements.

This page left blank intentionally.

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

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Taxes and fees collected for Houston County	\$ 11,122,827
Taxes and fees collected for other governments	5,548,711
Trust/escrow contributions	832,035
Inmate accounts	119,644
Hot check collections	32,257
Seizures pending judgment	12,034
Investment interest	<u>2,586</u>
<b>TOTAL ADDITIONS</b>	<u>17,670,094</u>
<b>DEDUCTIONS</b>	
Taxes and fees collected for Houston County	11,000,898
Taxes and fees collected for other governments	5,676,590
Disbursements to beneficiaries	199,313
Inmate accounts	<u>100,500</u>
<b>TOTAL DEDUCTIONS</b>	<u>16,977,301</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	692,793
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>746,724</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 1,439,517</u></u>

See accompanying notes to the financial statements.

This page left blank intentionally.

**NOTES TO THE FINANCIAL STATEMENTS**

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The financial statements of Houston County, Texas (the “County”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“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 accounting and reporting policies used by the County are discussed below.

**Reporting Entity**

Houston County, Texas (the “County”) is a public corporation and political subdivision of the State of Texas. The County is governed by an elected Commissioners Court, comprised of the County Judge and four Commissioners. The County provides the following services as authorized by the laws of the State of Texas: general government (e.g. tax collection), judicial (courts, juries, district attorney, etc.), law enforcement (sheriff, jail, etc.), highways and streets, and public welfare (e.g. juvenile services and assistance to indigents).

For financial reporting purposes, based on standards established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, these financial statements should present the County (the primary government) and its component units. Component units generally are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. The County does not have any blended or discretely presented component units.

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the activities of the County as a whole. *Governmental activities* include programs normally supported by taxes, grants, and other intergovernmental revenues.

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

**New Accounting Pronouncements**

GASB Statement No. 91, *Conduit Debt Obligations* (“GASB 91”), is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in certain practices. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2020. The effective date was subsequently extended by one year in accordance with GASB No. 95. Implementation of GASB 91 had no effects on the County’s financial disclosures.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

GASB Statement No. 94, *Public-Private and Public -Public Partnerships and Availability Payment Arrangements* (“GASB 94”), is intended to enhance comparability in accounting and financial reporting and to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022. Implementation of GASB 94 had no effects on the County’s financial disclosures.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”), is intended to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022. Implementation of GASB 99 is reflected in the County’s financial statements and disclosures.

GASB Statement No. 102, *Certain Risk Disclosures* (“GASB 102”), is intended to improve financial reporting and disclosure of certain concentrations or constraints and related events that have occurred or have begun to occur. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2024. The effects of implementing GASB 102 on the County’s financial disclosures have not been evaluated by management.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and donations are recognized as revenue in the fiscal year in which grantor eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. Debt service expenditures, both principal and interest, are recorded only when payment is due.

Major governmental fund revenue sources susceptible to accrual include: sales and use taxes, property taxes, and investment income. In general, all other revenue items are considered to be measurable and available only when cash is received. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County’s funds are classified as either governmental or fiduciary and are described below.

*Governmental Funds.* Governmental funds account for all or most of a government’s general activity.

The *general fund* is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The principal sources of revenues include local property taxes, fines, fees, license and permits, and intergovernmental revenue and grants. Expenditures include general government; judicial; public safety; and health and welfare.

The *debt service fund* is used to account for the collection of interest and sinking funds collected and expenditures for the payment of the County’s certificates of obligation.

*Special revenue funds* are used to account for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*Fiduciary funds* account for assets held by a government in a trustee or agency capacity on behalf of others.

*Custodial funds* are used to account for assets received and held for the benefit of other funds, individuals, or organizations. Custodial funds held by the county function as clearing accounts and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

As of September 30, 2023, the general fund, FEMA fund, and the American Rescue Plan funds are reported as major governmental funds. Additionally, the County has elected to present the road and bridge funds for precincts 1, 2, 3, and 4 as major funds due to their significance within the County. The County has no proprietary funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the County's policy to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

**Deposits and Investments**

The County maintains a pooled cash and cash equivalents account. Each fund whose monies are deposited in the pooled cash and cash equivalents account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month's end. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include investments with original maturities of three months or less. Cash equivalents are stated at fair value.

Certificates of deposit consist of deposits with original maturities greater than three months. Certificates of deposit are recorded at cost, which approximates market value at September 30, 2023.

The County is required by the Public Funds Collateral Act (Government Code, chapter 2257) to maintain security for all deposits of funds that exceed coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). As of the balance sheet date, the County's cash deposits were fully collateralized by securities pledged by the depository banks. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Collateral Act.

The County is required by the Public Funds Investment Act (Government Code, chapter 2256) (the "Act") to adopt, implement, and publicize a written investment policy which primarily emphasizes safety of principal and liquidity, and addresses investment diversification, yield, and maturity. Additionally, the policy must address the quality and capability of investment management and include the types of investments in which the entity may invest its funds, as well as the maximum allowable stated maturity of any individual investment, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio of pooled fund groups, and bid requirements for certificates of deposit.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

The County is authorized to invest in financial instruments, as authorized by the Act, including:

- U.S. Treasury securities which have a liquid market; direct obligations of the State of Texas, and other obligations that are guaranteed by the State of Texas or United States of America;
- obligations of states, agencies, counties, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent;
- fully insured or collateralized certificates of deposit at commercial banks;
- repurchase agreements collateralized by U.S. Treasury or U.S. Government Agency securities in accordance with a master repurchase agreement;
- joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law (the pool must be continuously rated no lower than “AAA” or “AAA-m” by at least one nationally recognized rating service).

The Act also requires an annual audit of investment practices. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Investment Act.

**Fair Value of Financial Instruments**

The County evaluates the fair value of its non-investment financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of all non-investment financial instruments, including debt, is considered to approximate fair value.

**Property Tax Receivables**

Property taxes are levied on October 1 and are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed. The County provides an allowance for all delinquent property taxes, calculated based on historical collection rates.

The County bills and collects for its own taxes and those for certain governmental entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor’s Ad Valorem Fund. Tax collections deposited for the County are distributed on a periodic basis to the General and Road and Bridge Funds of the County. The distribution is based upon the tax rate established for each fund by order of the Commissioner’s Court for the tax year for which the collections are made.

The tax rate, per \$100 valuation, adopted for the fiscal year ended September 30, 2023, was as follows:

General fund	\$ .420168
Debt service	<u>.054532</u>
Total	<u>\$ .474700</u>

The appraisal of property within the County is the responsibility of the county-wide appraisal district which is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of the property within the County must be reviewed every three years by the appraisal district unless the County, at its own expense, requires more frequent reviews. The County may challenge the appraised values through

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

various appeals and, if necessary, legal action. Under this legislation, the County sets tax rates on County property.

Property tax receivables reflect outstanding and delinquent property tax levies and are shown net of an allowance for uncollectibles. The property tax receivable allowance is calculated based on 2% of the tax year's assessment or the receivable balance for that tax year (whichever is less).

**Grant Receivables**

Accounts receivable from other governments include amounts due from grantors in regard to approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

**Restricted Assets**

Certain assets are classified as restricted because they are maintained in separate accounts and their use is limited by applicable bond covenants, grant agreements, laws or regulations, and/or other contractual agreements.

**Prepaid Items**

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

**Capital Assets, Depreciation, and Amortization**

The County's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the applicable governmental type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date received.

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.

Infrastructure assets are a subset of capital assets and primarily consist of roads and bridges. GASB No. 34 encourages but does not require Phase 3 governments (counties with revenues of less than \$10 million) to retroactively report major general infrastructure assets. New roads and bridges acquired after October 1, 2003 are required to be reported.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives of the County's capital assets are as follows:

Buildings and improvements	5 to 40 years
Office furniture and equipment	3 to 10 years
Other equipment and rolling stock	3 to 10 years
Infrastructure	20 years

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Deferred Inflows/Outflows of Resources**

*Deferred Outflows of Resources.* In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 that time. The County has three types of items, which arise only under a full accrual basis of accounting, that qualify for reporting in this category: unamortized differences – pension plan amounts, which are recognized as components of pension expense at an actuarially determined rate; pension contributions subsequent to the plan measurement date, is recognized as a component of pension expense in the following fiscal year; and deferred amount on bond refunding, which is an amount that arose due to the refunding of the County’s Series 2008 certificates of obligation and is being amortized to interest expense over the life of the new Series 2015 bonds.

*Deferred Inflows of Resources.* In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category: unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only on the governmental funds balance sheet and recognized as an inflow of resources in the period that the amounts become available; and unamortized differences – pension plan amounts which arise only under a full accrual basis of accounting, are reported on the government-wide statement of net position and are recognized as components of pension expense at an actuarially determined rate.

**Compensated Absences**

A liability for unused vacation time, comp time, and holiday pay for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- Leave or compensation is attributable to services already rendered;
- Leave or compensation is not contingent on a specific event (such as illness).

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the bond premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financial sources and as capital outlay in the acquiring fund. Lease payments representing both principal and interest are recorded as expenditures in the applicable fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Pensions**

For purposes of measuring the net pension liability/net pension asset, 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 & 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.

**Net Position and Fund Balances**

In the government-wide financial statements, the difference between the County’s total assets and total liabilities represents net position. Net position is displayed in three components – invested in capital assets, net of related debt; restricted; and unrestricted. At September 30, 2023, restricted net position represents monies that are legally restricted for payment of debt service, law enforcement costs, grant costs, or other activities for which special assessments or revenues have been received. Restricted net position also includes time deposits held as collateral by lenders. Unrestricted net position represents the net assets available for future operations.

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes due to constraints imposed on resources either (a) externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Commissioners Court – the government’s highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commissioners Court.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

**Estimates**

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

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At September 30, 2023, the FEMA fund, as well as certain nonmajor special revenue funds, had deficit balances. These deficits are the result of the timing relating to receipt of grant reimbursements, expenditures in excess of appropriations, and transfers to and from pooled funds.

**DETAILED NOTES ON ALL FUNDS**

**ASSETS**

**Deposits and Investments**

*Interest Rate Risk.* In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the maturity of any single investment to twelve months or less.

*Credit Risk.* State law and the County’s investment policy limit investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires funds on deposit at depository banks to be collateralized. As of September 30, 2023, the County’s deposits with depository banks totaled \$10,644,942. Included in the balances are certificates of deposit totaling \$1,072,140 and custodial funds in the amount of \$1,918,826. All deposits were fully collateralized by securities pledged by the depository banks with total collateral value of \$14,025,764, in addition to FDIC coverage.

**Receivables**

*Receivable and Uncollectible Accounts.* Receivables at year end for the County’s individual major funds, including the related allowances for uncollectible accounts are as follows:

	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Grants</u>	<u>Other</u>	<u>Totals</u>
Receivables by fund					
General fund	\$ 939,164	\$ 228,170	\$ 2,883	\$ 105,724	\$ 1,275,941
Road and bridge	-	-	-	-	-
FEMA funds	-	-	735,367	-	735,367
Nonmajor funds	<u>144,140</u>	<u>-</u>	<u>113,165</u>	<u>53,216</u>	<u>310,521</u>
Gross receivables	<u>1,083,304</u>	<u>228,170</u>	<u>851,415</u>	<u>158,940</u>	<u>2,321,829</u>
Allowances					
General fund	(792,136)	-	-	-	(792,136)
Nonmajor funds	<u>(124,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,850)</u>
Total receivables, net	<u>\$ 166,318</u>	<u>\$ 228,170</u>	<u>\$ 851,415</u>	<u>\$ 158,940</u>	<u>\$ 1,404,843</u>

*Property Taxes.* Of the \$1,083,304 in gross property taxes receivable, \$740,191 represents the outstanding balances of assessments for tax years 2021 and prior.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Subscription-Based Information Technology Arrangements (“SBITA”) Assets**

In accordance with GASB 96, the County has begun reporting certain agreements that qualify as SBITA assets. A summary of changes for the year follows. See also, *SBITA Liabilities* later in these notes.

	Balance <u>09/30/2022</u>	Additions	Disposals	Balance <u>09/30/2023</u>
SBITA assets	\$ -	\$ 67,145	\$ -	\$ 67,145
Accumulated amortization	<u>-</u>	<u>(33,573)</u>	<u>-</u>	<u>(33,573)</u>
Total SBITA assets, net	<u>\$ -</u>	<u>\$ 33,572</u>	<u>\$ -</u>	<u>\$ 33,572</u>

Amortization expense of \$33,572 was charged to general government expenses.

**Capital Assets**

	Balance <u>09/30/2022</u>	Additions	Deletions	Balance <u>09/30/2023</u>
Capital assets, not being depreciated				
Land	\$ 181,382	\$ -	\$ -	\$ 181,382
Construction in progress	<u>285,230</u>	<u>70,395</u>	<u>-</u>	<u>355,625</u>
Total not being depreciated	<u>466,612</u>	<u>70,395</u>	<u>-</u>	<u>537,007</u>
Capital assets, being depreciated				
Buildings and improvements	19,358,883	82,007	-	19,440,890
Infrastructure	320,404	29,773	-	350,177
Rolling stock	8,183,235	1,161,198	(329,044)	9,015,389
Furniture and equipment	<u>1,844,701</u>	<u>156,688</u>	<u>(49,486)</u>	<u>1,951,903</u>
Total being depreciated	<u>29,707,223</u>	<u>1,429,666</u>	<u>(378,530)</u>	<u>30,758,359</u>
Less accumulated depreciation:				
Buildings and improvements	(9,314,023)	(629,952)	-	(9,496,915)
Infrastructure	(83,320)	(17,013)	-	(100,333)
Rolling stock	(5,652,664)	(594,444)	324,502	(5,922,606)
Furniture and equipment	<u>(1,198,684)</u>	<u>(147,663)</u>	<u>46,721</u>	<u>(1,299,626)</u>
Total accumulated depreciation	<u>(16,248,691)</u>	<u>(1,389,072)</u>	<u>371,223</u>	<u>(17,266,540)</u>
Total being depreciated, net	<u>13,458,532</u>	<u>40,594</u>	<u>(7,307)</u>	<u>13,491,819</u>
Total capital assets, net	<u>\$ 13,925,144</u>	<u>\$ 110,989</u>	<u>\$ (7,307)</u>	<u>\$ 14,028,826</u>
				<u>(9,774,705)</u>
				<u>\$ 4,254,121</u>

Depreciation expense was charged to the following functions/programs of governmental activities:

General government	\$ 183,860
Judicial and law enforcement	615,575
Highways and streets	490,891
Health and welfare	3,971
Culture and recreation	<u>94,775</u>
Total	<u>\$ 1,389,072</u>

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**LIABILITIES**

**SBITA Liabilities**

In accordance with GASB 96, the County has begun reporting certain agreements that qualify as SBITA liabilities. Changes in SBITA liability activity for the year ended September 30, 2023 were as follows:

	<u>Balance</u> <u>09/30/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/23</u>	<u>Due Within</u> <u>One Year</u>
Pritchard & Abbott	\$ -	\$ 67,145	\$ (32,724)	\$ 34,421	\$ 34,421

*Pritchard & Abbott.* The District has entered into an agreement with Pritchard & Abbott, Inc. to provide software to the County tax assessor/collector. The SBITA liability for the agreements has been calculated using an imputed interest rate of 2.30%, resulting in interest charges of \$876 for the year. The County paid \$33,600 under the contract during the year. The terms of the related agreement is as follows:

Tax collection software for tax years 2023 and 2024. The agreement totals \$33,600 for 2023 and \$34,900 for 2024, due in four (4) quarterly payments of \$8,400 beginning in October 2022 and four (4) quarterly payments of \$8,725 beginning in October 2023.

The annual requirements for the SBITA liabilities follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 34,421	\$ 479

**Financing Leases**

The County has entered into lease agreements as lessee to finance the acquisition of machinery and equipment and vehicles. The agreements accrue interest at rates from 1.03% to 4.00% and are all for durations greater than 12 months. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through financing leases are as follows:

	<u>General</u> <u>Fund</u>	<u>Road and</u> <u>Bridge Funds</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Totals</u>
Asset:				
Rolling stock	\$ 157,093	\$ 1,302,535	\$ -	\$ 1,459,628
Less accumulated depreciation	<u>(120,438)</u>	<u>(711,360)</u>	<u>-</u>	<u>(831,798)</u>
Total	<u>\$ 36,655</u>	<u>\$ 591,175</u>	<u>\$ -</u>	<u>\$ 627,830</u>

*The remainder of this page left blank intentionally.*

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

The future minimum financing lease obligations and the net present value of these minimum lease payments as of September 30, 2023, were as follows:

Year ending September 30,	General Fund	Road and Bridge Funds	Nonmajor Funds	Totals
2024	\$ 57,570	\$ 286,305	\$ -	\$ 343,875
2025	55,813	174,264	-	230,077
2026	22,636	115,446	-	138,082
2027	-	88,403	-	88,403
2028	-	240,044	-	240,044
Total minimum lease payments	\$ 136,019	\$ 904,462	\$ -	\$ 1,040,481
Less amount representing interest	(8,757)	(60,105)	-	(68,862)
Present value of minimum lease payments	<u>\$ 127,262</u>	<u>\$ 844,357</u>	<u>\$ -</u>	<u>\$ 971,619</u>

**Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Balance 09/30/22	Additions	Reductions	Balance 09/30/23	Due Within One Year
Long-term debt:					
<i>Direct borrowings     and placements</i>					
Financing leases	\$ 1,203,041	\$ 472,628	\$ (704,050)	\$ 971,619	\$ 315,466
Note payable	1,087,542	-	(42,000)	1,045,542	45,000
2019 Bonds	1,080,000	-	(260,000)	820,000	265,000
	<u>3,370,583</u>	<u>472,628</u>	<u>(1,006,050)</u>	<u>2,837,161</u>	<u>625,466</u>
<i>Other debt:</i>					
2015 Bonds	7,920,000	-	(605,000)	7,315,000	620,000
	<u>7,920,000</u>	<u>-</u>	<u>(605,000)</u>	<u>7,315,000</u>	<u>620,000</u>
<i>Bond premiums:</i>					
2015 Bonds	486,798	-	(44,254)	442,544	-
	<u>486,798</u>	<u>-</u>	<u>(44,254)</u>	<u>442,544</u>	<u>-</u>
Other:					
Compensated absences	106,560	22,063	-	128,623	54,652
Net pension liability	(2,465,373)	2,538,384	-	73,011	-
	<u>(2,358,813)</u>	<u>2,560,447</u>	<u>-</u>	<u>206,634</u>	<u>54,652</u>
Totals	<u>\$ 9,418,568</u>	<u>\$ 3,033,075</u>	<u>\$ (1,655,304)</u>	<u>\$ 10,801,339</u>	<u>\$ 1,300,118</u>

Interest expense for the year ended September 30, 2023 was as follows:

Interest charges	\$ 370,566
Increase (decrease) in accrued interest payable	(900)
Amortization of 2015 bond insurance	1,401
Amortization of 2015 bond premium	(44,254)
Amortization of 2015 refunding loss	45,878
Total	<u>\$ 372,691</u>

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

The annual debt service requirements to maturity for long-term debt (excluding unamortized bond premiums) are as follows:

<u>Year ending September 30,</u>	<u>Direct Borrowings and Direct Placements</u>		<u>Other Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 625,466	\$ 83,029	\$ 620,000	\$ 258,738
2025	573,907	63,286	640,000	239,838
2026	462,473	47,850	665,000	219,431
2027	141,140	38,973	585,000	196,638
2028	299,633	29,587	710,000	172,225
2029 - 2033	397,000	109,135	3,995,000	411,700
2034 - 2038	<u>373,542</u>	<u>31,786</u>	-	-
Total	<u>\$ 2,837,161</u>	<u>\$ 403,646</u>	<u>\$ 7,315,000</u>	<u>\$ 1,498,570</u>

At year end, the County had cash totaling \$8,050 available in the debt service fund to service long-term debt.

Long-term and other debt payable at September 30, 2023, are comprised of the following:

*Capital Leases (Direct Borrowings).* The County has entered into various lease purchase agreements for the purpose of purchasing equipment. During the year, the County paid-off four existing leases and incurred two new leases. The agreements accrue interest at rates from 1.03% to 4.28% and are all for durations greater than one year. Each lease purchase is collateralized by the equipment that each respective agreement serves to finance as well as certificates of deposit totaling \$1,366,209 held at the County's financial institution.

*Facility Improvement Loan (Direct Borrowing).* In September 2018, the County entered into a promissory note with National Bank & Trust for the purpose of funding certain energy efficiency facility improvements along with a one-time loan commitment fee of \$12,900. The loan is to be funded in multiple advances up to a total of \$1,336,682 and is payable as follows: monthly interest-only payments beginning after the first advance followed by 20 annual installment payments of principal and interest at 3.54% in varying amounts (ranging from \$77,319 to \$112,193). The loan matures in April 2038 and is secured by a first priority security interest in the facility improvements and any project funds held in escrow. The project was completed in fiscal year 2021 with advances totaling \$1,194,542 having been drawn.

*Houston County, Texas Tax Note Series 2019 (Private Placement).* In March 2019, the County issued \$1,800,000 of tax notes at a rate of 2.56%. The proceeds of the note (\$1,750,000 net of issuance costs of \$50,000) were used to reimburse and provide further funding for road and bridge repairs and improvements. The tax notes were sold through a private placement and mature at varying amounts from February 15, 2020 through February 15, 2026. The notes are payable from and secured by ad valorem taxes.

*Houston County, Texas General Obligation Refunding Bonds, Series 2015 (Other Debt).* In October, 2015, the County issued \$8,995,000 of general obligation refunding bonds carrying interest at rates of 2.00% to 4.00%. The County issued the bonds to advance refund a callable portion (\$8,635,000) of the outstanding *Certificates of Obligation, Series 2008* with interest at rates of 5.00% to 5.25% and original maturities of 2022-2033. The certificates were issued with an original issue premium of \$789,204. The premium is reported on the statement of net position and is being amortized over the life of the bonds as a component of interest expense.

The net proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2008 series bonds. The advance refunding was calculated by the County's financial adviser to have reduced total debt service payments over

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

the next 18 years by over \$1,457,000. The refunding resulted in a deferred amount on refunding totaling \$818,159, which is reported on the statement of net position as a deferred outflow of resources and is being amortized over the life of the bonds as a component of interest expense.

The bonds are secured by the County's ad valorem taxes and require annual payments of principal and semi-annual payments of interest at varying amounts. The bond indenture allows the County to pay the bonds from the proceeds of an additional ad valorem tax that may be levied by the County, and the County has pledged any such proceeds to secure the payment. The bonds have been recorded in the debt service fund.

**Bond Compliance Requirements**

The bond ordinances require that during the period in which the bonds are outstanding, the County must create and maintain certain accounts or funds to receive the proceeds from the sale of the bonds and to account for the revenues (as defined) and/or taxes, which are pledged for payment of the bonds. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein.

**Interfund Receivables, Payables, and Transfers**

*Interfund Balances.* Interfund receivable and payable balances are the result of cash needed by a special revenue fund until the fund is able to generate sufficient revenues to cover expenditures. These receivables and payables are netted and eliminated on the government-wide statement of net position. Interfund receivable and payable balances at September 30, 2023 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 17,552	\$ (16,922)
Road and Bridge Precinct No. 1	64,071	-
Road and Bridge Precinct No. 2	57,686	(15,000)
Road and Bridge Precinct No. 3	94,024	-
Road and Bridge Precinct No. 4	116,690	-
FEMA fund	-	(335,571)
American Rescue Plan fund	-	(5,343)
Nonmajor	<u>23,809</u>	<u>(996)</u>
Totals	<u>\$ 373,832</u>	<u>\$ (373,832)</u>

*Interfund Transfers.* Transfers between funds are indicative of funding for capital projects; lease payments or debt service; subsidies of various County operations; and re-allocations of special revenues. The following schedule summarizes the County's transfers at September 30, 2023:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 2,560	\$ (2,375,671)
Road and Bridge Precinct No. 1	348,179	-
Road and Bridge Precinct No. 2	462,069	-
Road and Bridge Precinct No. 3	487,996	-
Road and Bridge Precinct No. 4	460,032	-
FEMA fund	-	(3,100)
Nonmajor	<u>1,019,185</u>	<u>(401,250)</u>
Totals	<u>\$ 2,780,021</u>	<u>\$ (2,780,021)</u>

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Defined Benefit Pension Plan**

**Plan Description.** Houston County participates as one of 849 plans in the non-traditional defined benefit plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available online at [www.tcdrs.org](http://www.tcdrs.org).

**Benefits Provided.** The County provides retirement benefits for all of its full-time employees. 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 150%) and is then converted to an annuity. There are no automatic cost of living adjustments. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS.

Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 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 the County.

**Employees 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	96
Inactive employees entitled to but not yet receiving benefits	194
Active employees	168
	458

**Contributions and Actuarial Information.** The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings. The employee contribution rate may be changed by the County, within the options available in the TCDRS Act. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually, and the employer is required to contribute at that rate. The employer may increase its contribution rate and/or make additional contributions in excess of its annual required contribution.

The County has not elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The County contributed using the actuarially determined rate of 7.68% for calendar year 2022 and 6.88% for calendar year 2023. The contribution rate payable by the employee members for fiscal year 2023 is the rate of 7.00% as adopted by the County. For fiscal year 2023, the County’s total contributions totaled \$450,076 and were equal to required contributions.

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

**Actuarial Assumptions.** The required contribution was determined as part of the December 31, 2022, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2022, included (a) 7.50% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.7 percent. Both (a) and (b) included an inflation component of 2.50 percent. 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 total pension liability is being amortized as a level

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

percentage of payroll on a closed basis. The remaining amortization period at December 31, 2022 was 17.5 years.

Salary increases were based on a service-related table. Mortality rates for active members were based on the Pub-2010 General Employees Amount-Weighted Mortality Table, using 135% for males and 120% for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Mortality rates for retirees were based on the Pub-2010 General Retirees Amount-Weighted Mortality Table, using 135% for males and 120% for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Mortality rates for disabled retirees were based on the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table, using 160% for males and 120% for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the year 2017-2020. They were adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The long-term expected rate of return on pension plan investments is 7.60%. 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.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the current valuation assumption was adopted by TCDRS in March 2021. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table that follows.

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Geometric)</u>
US equities	11.5%	4.95%
Global equities	2.5%	4.95%
International equities - developed	5.0%	4.95%
International equities - emerging	6.0%	4.95%
Investment-grade bonds	3.0%	2.40%
Strategic credit	9.0%	3.39%
Direct lending	16.0%	6.95%
Distressed debt	4.0%	7.60%
REIT equities	2.0%	4.10%
Master limited partnerships	2.0%	5.30%
Private real estate partnerships	6.0%	5.70%
Private equity	25.0%	7.95%
Hedge funds	6.0%	2.90%
Cash equivalents	<u>2.0%</u>	0.20%
Total	100.0%	

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Discount Rate.** The discount rate used to measure the Total Pension Liability was 7.60%, which is net of investment expenses and increased by 0.10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Changes in the Net Pension Liability/Asset.** A schedule of changes in net pension liability/asset is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2021	\$ 21,627,364	\$ 24,092,737	\$ (2,465,373)
Changes for the year:			
Service cost	626,029	-	626,029
Interest on total pension liability	1,652,109	-	1,652,109
Effect of economic/demographic (gains) or losses	(273,413)	-	(273,413)
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(116,603)	(116,603)	-
Benefit payments	(932,848)	(932,848)	-
Administrative expenses	-	(13,191)	13,191
Employer contributions	-	466,302	(466,302)
Member contributions	-	425,015	(425,015)
Net investment income	-	(1,397,996)	1,397,996
Other	-	(13,789)	13,789
Net changes	<u>955,274</u>	<u>(1,583,110)</u>	<u>2,538,384</u>
Balance at 12/31/2022	<u>\$ 22,582,638</u>	<u>\$ 22,509,627</u>	<u>\$ 73,011</u>

**Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate.** The following presents the net pension liability/asset of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	(6.60%)	(7.60%)	(8.60%)
Total pension liability	\$ 25,326,771	\$ 22,582,638	\$ 20,262,290
Fiduciary net position	<u>22,509,627</u>	<u>22,509,627</u>	<u>22,509,627</u>
Net pension liability (asset)	<u>\$ 2,817,144</u>	<u>\$ 73,011</u>	<u>\$ (2,247,337)</u>

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

***Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions.*** For the year ended September 30, 2023, the County recognized net pension (benefit) expense of 384,884. Net pension (benefit) expense was charged to functions/programs as follows:

Function/program	Governmental Activities
General government	\$ 76,055
Judicial and law enforcement	238,520
Highways and streets	60,456
Health and welfare	7,083
Culture and recreation	2,770
Total	\$ 384,884

At September 30, 2023, the County reported deferred amounts related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,650	\$ (182,275)
Difference between projected and actual investment earnings	439,553	-
Changes in actuarial assumptions	-	(28,391)
Contributions subsequent to the measurement date	338,768	-
Totals, governmental activities	\$ 781,971	\$ (210,666)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 72,395	\$ (119,529)
2024	(8,302)	(91,137)
2025	73,451	-
2026	644,427	-
Total	\$ 781,971	\$ (210,666)

**OTHER INFORMATION**

**Post-Employment Health Insurance Benefits**

*Plan Description.* Houston County provides a retiree health insurance program to provide post-employment group medical insurance benefits for retired employees. The plan began during the year ended September 30, 2015 and amended during fiscal year 2017 and is funded on a pay-as-you-go basis. A separate, audited GAAP-basis post-employment benefit plan report and actuarial data are not available for this plan.

*Eligibility and Benefits.* The program is available to retirees: who have more than 16 years of continuous service with the County (including years of part-time and full-time service); are eligible for retirement benefits under TCDRS guidelines; participating in the County's group health plan prior to retirement; and have not withdrawn/transferred accumulated TCDRS retirement funds. Coverage is provided as follows:

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

non-Medicare eligible employees are provided coverage equal to current employees for a period of six years or until the retiree becomes Medicare eligible; Medicare eligible employees will be provided with a Medicare supplement plan until death. The County's premium contribution portion ranges from 25% for a 50 year old with 25 years of service to 100% for a 59 year old with 16 years of service.

Coverage under the plan is discontinued if: the retiree withdraws/transfers accumulated TCDRS funds; coverage is dropped; the retiree fails to make required premium payments; the County discontinues group insurance or this plan.

*Funding Policy.* The County may contribute all, part, or none of the premium payment and the County's contribution, if any, is determined annually by Commissioners Court during the County budget process and is effective on a fiscal year basis. For the year ended September 30, 2023 the County contributed \$94,552 toward post-employment health insurance benefits.

### **Deferred Compensation Plan**

The County offers all of its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The County has established custodial legal trust arrangements with Nationwide Retirement Solutions, Inc. and the Variable Annuity Life Insurance Company ("VALIC"), which administer the plans. The plans permit employees 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. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to the related amounts, property, or rights are solely the property and rights of the employees. Accordingly, the amounts deferred and invested under these plans are not included in the County's financial statements.

### **Tax Abatements**

The County enters into tax abatement agreements with local businesses under the Property Tax Abatement Act ("Act") as allowed by § 312 of the Texas Tax Code. As an economic development tool, taxing units may enter into agreements with taxpayers providing for exemptions from taxes for all or part of the increase in value of real and/or personal property for up to 10 years. As required under the act, Houston County has created a reinvestment zone and established guidelines for granting abatements to eligible businesses within the zone.

*ETC Texas Pipeline, LTD.* In January, 2015, the County approved a resolution establishing a reinvestment zone pursuant to § 312 of the Texas Tax Code, and entered into an agreement with a pipeline company seeking to construct a natural gas processing plant. Terms of the agreement include: abatement of ad valorem and personal property taxes on the value of new eligible properties beginning with tax year 2016 (base year) and continuing for 10 years; and 65% of abated taxes payable to the county on January 1 of each year following the tax year for which the abatement applies. The agreement is subject to termination and abated taxes are subject to recapture in the event that the company violates the agreement or the facility is completed and begins producing product, but subsequently discontinues production (excepting certain casualty events) for a period of more than one year. For the fiscal year ended September 30, 2023, the County's gross property tax revenues were reduced by approximately \$122,010.

*Vulcraft Texas, A Division of Nucor.* In June 2020, the County approved a resolution establishing Vulcraft Reinvestment Zone #1 pursuant to § 312 of the Texas Tax Code, and entered into an agreement with a lumber company seeking to construct a manufacturing facility. Terms of the agreement include: abatement of ad valorem and personal property taxes on the value of new eligible properties beginning with tax year 2020 (base year) and continuing for 5 years. The agreement is subject to termination and abated taxes are subject

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

to recapture in the event that the company violates the agreement (including: failure to complete improvements by required deadline; failure to maintain required number of full time jobs; bankruptcy; default under incentive performance agreement with Grapeland Municipal Development District; etc.) or the facility is completed and the owner fails to occupy and operate the facility for more than 30 consecutive days. For the fiscal year ended September 30, 2023, the County's gross property tax revenues were reduced by approximately \$83,267.

*Lincoln Lumber Crockett, LLC.* In October 2020, the County approved a resolution establishing a reinvestment zone pursuant to § 312 of the Texas Tax Code and entered into an agreement with a lumber company seeking to construct a manufacturing facility. Terms of the agreement include: abatement of ad valorem and personal property taxes on the value of new eligible properties beginning with tax year 2021 (base year) and continuing for 5 years. The agreement is subject to termination and abated taxes are subject to recapture in the event that the company violates the agreement (including: failure to complete improvements by required deadline; failure to maintain required number of full time jobs; bankruptcy; default under incentive performance agreement with Crockett Economic Development Corporation; etc.) or the facility is completed and the owner fails to occupy and operate the facility for more than 30 consecutive days. For the fiscal year ended September 30, 2023, the County's gross property tax revenues were reduced by approximately \$54,444.

**Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The County provides insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this coverage during the current year.

**Contingencies and Uncertainties**

*Grants.* All amounts received or receivable from grant agencies are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already collected, may be required to be repaid to the granting agency. Amounts payable by the County in its capacity as a pass-through grantor have been accrued along with an offsetting grant receivable (i.e. should expenditures claimed by subrecipients be disallowed by the granting agency(ies), no liability to the County would exist). The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**Subsequent Events**

Management has evaluated subsequent events through July 31, 2024, the date when the financial statements were available to be issued.

This page left blank intentionally.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

This page left blank intentionally.

**HOUSTON 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	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ 8,334,196	\$ 8,334,196	\$ 8,385,288	\$ 51,092
General sales and use taxes	1,050,000	1,050,000	1,584,010	534,010
Selective sales and use taxes	32,300	32,300	42,057	9,757
Fees, licenses, and permits	147,100	147,100	206,921	59,821
Charges for services	860,450	886,486	725,140	(161,346)
Fines and forfeitures	159,500	159,500	175,587	16,087
Intergovernmental revenue and grants	193,200	199,939	203,958	4,019
Contributions and donations from private sources	-	-	-	-
Payments in lieu of taxes	55,000	55,000	82,052	27,052
Investment earnings	15,000	15,000	35,707	20,707
Other revenue	2,000	105,555	119,501	13,946
Total revenues	10,848,746	10,985,076	11,560,221	575,145
<b>EXPENDITURES</b>				
<b>General government</b>				
County judge	179,489	182,210	181,897	313
County clerk	219,316	234,875	228,190	6,685
Information technology	150,637	153,695	129,424	24,271
Non-departmental	1,212,125	997,515	677,238	320,277
Human resources	63,856	65,021	42,417	22,604
District clerk	259,308	275,667	271,957	3,710
County juvenile board	17,345	17,345	17,325	20
Elections	148,733	176,060	161,913	14,147
County auditor	282,440	286,833	283,864	2,969
County treasurer	198,988	199,760	200,014	(254)
County tax assessor-collector	392,464	392,464	379,046	13,418
Grant administration	82,772	84,772	83,462	1,310
Courthouse	352,852	382,557	365,482	17,075
Insurance	100,000	114,253	113,996	257
Utilities	185,000	191,747	190,206	1,541
Total general government	3,845,325	3,754,774	3,326,431	428,343
<b>Judicial and law enforcement</b>				
County court at law	386,044	389,893	386,208	3,685
District court	155,348	157,493	158,151	(658)
Justice of the peace, Pct No. 1	146,274	152,103	149,590	2,513
Justice of the peace, Pct No. 2	146,666	149,309	149,213	96
County attorney	412,198	414,145	405,733	8,412
District attorney	322,997	329,063	316,747	12,316
Environmental officer	68,935	85,304	82,185	3,119
County constable, Pct No. 1	98,904	98,904	90,263	8,641
County constable, Pct No. 2	98,748	102,948	91,040	11,908
Sheriff	1,950,795	2,051,095	2,036,264	14,831
Jail	1,878,423	1,866,573	1,668,796	197,777
Department of public safety	48,052	48,052	37,782	10,270
Texas Rangers	1,000	1,000	-	1,000

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**(CONTINUED)**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
Judicial and law enforcement (continued)				
Adult probation	9,280	12,180	12,777	(597)
Total judicial and law enforcement	<u>5,723,664</u>	<u>5,858,062</u>	<u>5,584,749</u>	<u>273,313</u>
Culture and recreation				
Veteran services officer	24,749	25,499	20,654	4,845
County extension service	110,102	110,102	103,962	6,140
Texas parks and wildlife	<u>1,000</u>	<u>1,000</u>	-	<u>1,000</u>
Total culture and recreation	<u>135,851</u>	<u>136,601</u>	<u>124,616</u>	<u>11,985</u>
Capital outlay				
Courthouse	<u>3,200</u>	<u>3,700</u>	<u>3,694</u>	<u>6</u>
Total capital outlay	<u>3,200</u>	<u>3,700</u>	<u>3,694</u>	<u>6</u>
Debt service				
Principal	97,085	97,085	97,085	-
Interest	<u>43,216</u>	<u>43,216</u>	<u>43,221</u>	<u>(5)</u>
Total expenditures	<u>9,848,341</u>	<u>9,893,438</u>	<u>9,179,796</u>	<u>713,642</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,000,405</u>	<u>1,091,638</u>	<u>2,380,425</u>	<u>1,288,787</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	380	380
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	2,560	2,560
Transfers out	<u>(2,200,405)</u>	<u>(2,376,638)</u>	<u>(2,375,671)</u>	<u>967</u>
Net other financing sources (uses)	<u>(2,200,405)</u>	<u>(2,376,638)</u>	<u>(2,372,731)</u>	<u>3,907</u>
NET CHANGE IN FUND BALANCE	(1,200,000)	(1,285,000)	7,694	1,292,694
FUND BALANCE - BEGINNING OF YEAR	<u>4,539,620</u>	<u>4,539,620</u>	<u>4,539,620</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,339,620</u>	<u>\$ 3,254,620</u>	<u>\$ 4,547,314</u>	<u>\$ 1,292,694</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 1**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	108,340	108,340	110,608	2,268
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	6,574	6,574	6,485	(89)
Contributions and donations from private sources	-	-	50	50
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	1,752	1,752
Other revenue	-	-	-	-
Total revenues	<u>114,914</u>	<u>114,914</u>	<u>118,895</u>	<u>3,981</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	711,934	816,516	748,602	67,914
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	222,360	25,946	196,414
Debt service				
Principal	45,167	45,167	45,167	-
Interest	5,992	5,992	5,994	(2)
Total expenditures	<u>763,093</u>	<u>1,090,035</u>	<u>825,709</u>	<u>264,326</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(648,179)</u>	<u>(975,121)</u>	<u>(706,814)</u>	<u>268,307</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from debt issuance	-	122,360	-	(122,360)
Transfers in	348,179	352,761	348,179	(4,582)
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>348,179</u>	<u>475,121</u>	<u>348,179</u>	<u>(126,942)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(300,000)	(500,000)	(358,635)	141,365
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>675,447</u>	<u>675,447</u>	<u>675,447</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 375,447</u>	<u>\$ 175,447</u>	<u>\$ 316,812</u>	<u>\$ 141,365</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 2**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	141,237	141,237	145,537	4,300
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	8,650	8,650	8,534	(116)
Contributions and donations from private sources	-	4,800	4,800	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	42	42
Other revenue	-	-	-	-
Total revenues	<u>149,887</u>	<u>154,687</u>	<u>158,913</u>	<u>4,226</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	526,916	621,714	604,185	17,529
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	350,268	-	350,268
Debt service				
Principal	67,860	67,860	67,861	(1)
Interest	12,180	12,182	12,181	1
Total expenditures	<u>606,956</u>	<u>1,052,024</u>	<u>684,227</u>	<u>367,797</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(457,069)</u>	<u>(897,337)</u>	<u>(525,314)</u>	<u>372,023</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	70,000	86,039	16,039
Proceeds from debt issuance	-	350,268	-	(350,268)
Transfers in	432,069	462,069	462,069	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>432,069</u>	<u>882,337</u>	<u>548,108</u>	<u>(334,229)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(25,000)	(15,000)	22,794	37,794
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>21,892</u>	<u>21,892</u>	<u>21,892</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (3,108)</u>	<u>\$ 6,892</u>	<u>\$ 44,686</u>	<u>\$ 37,794</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 3**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	165,835	165,835	168,823	2,988
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	10,034	10,034	9,899	(135)
Contributions and donations from private sources	-	8,880	8,880	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	1,851	1,851
Other revenue	-	970	970	-
Total revenues	<u>175,869</u>	<u>185,719</u>	<u>190,423</u>	<u>4,704</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	716,930	726,780	658,201	68,579
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	41,668	41,668	41,668	-
Interest	5,267	5,267	5,267	-
Total expenditures	<u>763,865</u>	<u>773,715</u>	<u>705,136</u>	<u>68,579</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(587,996)</u>	<u>(587,996)</u>	<u>(514,713)</u>	<u>73,283</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Transfers in	487,996	487,996	487,996	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>487,996</u>	<u>487,996</u>	<u>487,996</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(100,000)	(100,000)	(26,717)	73,283
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>410,125</u>	<u>410,125</u>	<u>410,125</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 310,125</u>	<u>\$ 310,125</u>	<u>\$ 383,408</u>	<u>\$ 73,283</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 4**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	152,537	152,537	157,180	4,643
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	9,342	9,342	9,216	(126)
Contributions and donations from private sources	-	6,000	6,000	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	1,878	1,878
Other revenue	-	-	-	-
Total revenues	<u>161,879</u>	<u>167,879</u>	<u>174,274</u>	<u>6,395</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	777,781	809,781	795,193	14,588
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	21,641	21,641	21,641	-
Interest	2,489	2,489	2,489	-
Total expenditures	<u>801,911</u>	<u>833,911</u>	<u>819,323</u>	<u>14,588</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(640,032)</u>	<u>(666,032)</u>	<u>(645,049)</u>	<u>20,983</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Transfers in	460,032	460,032	460,032	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>460,032</u>	<u>460,032</u>	<u>460,032</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(180,000)	(206,000)	(185,017)	20,983
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>611,836</u>	<u>611,836</u>	<u>611,836</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 431,836</u>	<u>\$ 405,836</u>	<u>\$ 426,819</u>	<u>\$ 20,983</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FEMA GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	-	4,582	14,000	9,418
Contributions and donations from private sources	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>-</u>	<u>4,582</u>	<u>14,000</u>	<u>9,418</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>-</u>	<u>4,582</u>	<u>14,000</u>	<u>9,418</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(4,582)	(3,100)	1,482
Net other financing sources (uses)	<u>-</u>	<u>(4,582)</u>	<u>(3,100)</u>	<u>1,482</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	10,900	10,900
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	<u>(746,267)</u>	<u>(746,267)</u>	<u>(746,267)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>				
	<u><u>\$ (746,267)</u></u>	<u><u>\$ (746,267)</u></u>	<u><u>\$ (735,367)</u></u>	<u><u>\$ 10,900</u></u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**AMERICAN RESCUE PLAN FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	-	-	1,415,838	1,415,838
Contributions and donations from private sources	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	-	-
Other revenue	-	-	3,751	3,751
Total revenues	-	-	1,419,589	1,419,589
<b>EXPENDITURES</b>				
General government	-	65,060	65,060	-
Judicial and law enforcement	282,245	336,977	18,350	318,627
Highways and streets	-	515,669	402,546	113,123
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	3,142,284	2,506,823	942,806	1,564,017
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,424,529	3,424,529	1,428,762	1,995,767
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(3,424,529)	(3,424,529)	(9,173)	3,415,356
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(3,424,529)	(3,424,529)	(9,173)	3,415,356
<b>FUND BALANCE - BEGINNING OF YEAR</b>	9,173	9,173	9,173	-
<b>FUND BALANCE - END OF YEAR</b>	\$ (3,415,356)	\$ (3,415,356)	\$ -	\$ 3,415,356

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULES**  
**SEPTEMBER 30, 2023**

**BUDGETS AND BUDGETARY PROCESS**

The County Judge submits an annual budget to the Commissioners Court for review and approval prior to September of the upcoming fiscal year. Routinely, several budget workshops are held in which the original budget is reviewed and possibly revised. In September, the Commissioners Court and County Judge adopt the annual budget for the General Fund and selected Special Revenue funds.

A proposed annual operating budget is filed by the County Judge and Commissioners Court with the County Clerk's office and made available for public inspection at least 15 days prior to public budget hearing. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted by the Commissioners Court on or before October 1, as required by statute. Only the Commissioners Court may amend the budget. Under state statute, actual expenditures cannot exceed budgetary appropriations at any level for which the budget is formally approved. Budgets are adopted for all funds except the fiduciary funds.

Subsequent to approval, the Commissioners' Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures. The County amended its budget several times during the year, with all budget amendments being approved by an act of the Commissioners Court.

**BUDGET EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The legal level of budgetary control is the department level. Therefore, expenditures may not legally exceed budget appropriations at the department level. In the County's major funds, expenditures exceeded appropriations at the legal level of budgetary control in various departments of the general fund.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)**  
**AND RELATED RATIOS - LAST TEN YEARS \***  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Plan Year Ending December 31, **								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>									
Service cost	\$ 626,029	\$ 612,799	\$ 562,308	\$ 510,362	\$ 528,148	\$ 557,516	\$ 582,530	\$ 480,944	\$ 478,176
Interest on total pension liability	1,652,109	1,568,915	1,477,946	1,370,720	1,291,013	1,198,208	1,098,287	1,009,813	930,594
Effect of plan changes	-	-	-	-	-	-	-	(74,034)	-
Effect of assumption changes or inputs	-	(85,173)	1,116,142	-	-	92,737	-	160,468	-
Effect of economic/demographic (gains) or losses	(273,413)	10,948	71,330	124,586	(140,561)	(84,713)	(208,714)	(18,574)	(37,965)
Benefit payments/refunds of contributions	(1,049,451)	(1,003,517)	(761,712)	(707,023)	(647,699)	(531,831)	(489,816)	(458,381)	(415,502)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>955,274</b>	<b>1,103,972</b>	<b>2,466,014</b>	<b>1,298,645</b>	<b>1,030,901</b>	<b>1,231,917</b>	<b>982,287</b>	<b>1,100,236</b>	<b>955,303</b>
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<b>21,627,364</b>	<b>20,523,392</b>	<b>18,057,378</b>	<b>16,758,733</b>	<b>15,727,832</b>	<b>14,495,915</b>	<b>13,513,628</b>	<b>12,413,392</b>	<b>11,458,089</b>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>(a) \$ 22,582,638</b>	<b>\$ 21,627,364</b>	<b>\$ 20,523,392</b>	<b>\$ 18,057,378</b>	<b>\$ 16,758,733</b>	<b>\$ 15,727,832</b>	<b>\$ 14,495,915</b>	<b>\$ 13,513,628</b>	<b>\$ 12,413,392</b>
<b>PLAN FIDUCIARY NET POSITION</b>									
Employer contributions	\$ 466,302	\$ 339,336	\$ 333,999	\$ 303,237	\$ 293,426	\$ 272,512	\$ 337,794	\$ 338,512	\$ 297,141
Member contributions	425,015	387,496	373,322	353,350	340,474	329,461	338,953	342,983	298,850
Investment income, net of investment expenses	(1,397,996)	4,365,459	1,880,829	2,577,251	(298,570)	2,033,546	953,230	13,409	797,258
Benefit payments/refunds of contributions	(1,049,451)	(1,003,517)	(761,712)	(707,023)	(647,699)	(531,831)	(489,816)	(458,381)	(415,502)
Administrative expenses	(13,191)	(13,034)	(14,648)	(13,875)	(12,605)	(10,652)	(10,409)	(9,219)	(9,385)
Other	(13,789)	(2,326)	195	810	686	840	(117,372)	19,353	13,836
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>(1,583,110)</b>	<b>4,073,414</b>	<b>1,811,985</b>	<b>2,513,750</b>	<b>(324,288)</b>	<b>2,093,876</b>	<b>1,012,380</b>	<b>246,657</b>	<b>982,198</b>
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</b>	<b>24,092,737</b>	<b>20,019,323</b>	<b>18,207,338</b>	<b>15,693,588</b>	<b>16,017,876</b>	<b>13,924,000</b>	<b>12,911,620</b>	<b>12,664,963</b>	<b>11,682,765</b>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>(b) \$ 22,509,627</b>	<b>\$ 24,092,737</b>	<b>\$ 20,019,323</b>	<b>\$ 18,207,338</b>	<b>\$ 15,693,588</b>	<b>\$ 16,017,876</b>	<b>\$ 13,924,000</b>	<b>\$ 12,911,620</b>	<b>\$ 12,664,963</b>
<b>NET PENSION LIABILITY (ASSET) - ENDING</b>	<b>(a - b) \$ 73,011</b>	<b>\$ (2,465,373)</b>	<b>\$ 504,069</b>	<b>\$ (149,960)</b>	<b>\$ 1,065,145</b>	<b>\$ (290,044)</b>	<b>\$ 571,915</b>	<b>\$ 602,008</b>	<b>\$ (251,571)</b>
<b>RELATED RATIOS</b>									
Plan Fiduciary Net Position as a percentage of Total Pension Liability	99.68%	111.40%	97.54%	100.83%	93.64%	101.84%	96.05%	95.55%	102.03%
Pensionable Covered Payroll	\$ 6,071,644	\$ 5,535,661	\$ 5,333,165	\$ 5,047,854	\$ 4,863,915	\$ 4,706,590	\$ 4,825,624	\$ 4,835,892	\$ 4,269,280
Net Pension Liability (Asset) as a percentage of Covered Payroll	1.20%	-44.54%	9.45%	-2.97%	21.90%	-6.16%	11.85%	12.45%	-5.89%

\* - GASB 68 requires ten years of data to be presented. Data for only nine years are available.

\*\* - In accordance with GASB standards, the County has elected to present data calculated at the actuarial valuation/ measurement date, which occurs on December 31 of each fiscal year.

See Independent Auditors' Report and Notes to the Financial Statements.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS\***  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 318,721	\$ 318,721	\$ -	\$ 4,559,555	7.0%
2016	339,512	339,512	-	4,850,190	7.0%
2017	290,442	290,442	-	4,732,866	6.1%
2018	285,425	285,556	(131)	4,788,525	6.0%
2019	297,119	297,119	-	4,939,135	6.0%
2020	328,260	328,260	-	5,304,180	6.2%
2021	339,055	339,055	-	5,498,262	6.2%
2022	443,421	443,421	-	6,093,585	7.3%
2023	450,076	450,076	-	6,360,066	7.1%

\* - GASB 68 requires ten years of data to be presented. Data for only nine years are available.

See Independent Auditors' Report and Notes to the Schedule of Pension Contributions.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS**  
**SEPTEMBER 30, 2023**

**Valuation Date** 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.

**Methods and Assumptions Used to Determine Contribution Rates**

<i>Actuarial Cost Method</i>	Entry Age
<i>Amortization Method</i>	Level percentage of payroll, Closed
<i>Amortization Period</i>	17.5 years (based on contribution rate calculate in 12/31/22 valuation)
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	2.50%
<i>Salary Increases</i>	4.7% average over career including inflation, varies by age and service.
<i>Investment Rate of Return</i>	7.50%, net of investment expenses, including inflation
<i>Retirement Age</i>	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.
<i>Mortality</i>	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.
<i>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*</i>	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.
<i>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*</i>	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018 - 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 these Notes.*

**Other Information** No changes in plan provisions are reflected in the Schedule of Pension Contributions.

**Presentation of Schedule** In accordance with GASB standards, the County reports contribution activity included in the Schedule of Pension Contributions based on the County's fiscal year end of September 30.

This page left blank intentionally.

**SUPPLEMENTARY INFORMATION**

This page left blank intentionally.

**COMBINING FUND STATEMENTS**

This page left blank intentionally.

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

	<u>Debt Service Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,050	\$ 1,833,112	\$ 1,841,162
Certificates of deposit	-	3,519	3,519
Receivables			
Property taxes, net of allowance	19,290	-	19,290
Grants	-	113,165	113,165
Other - miscellaneous	-	53,216	53,216
Due from other funds	14,681	9,128	23,809
Prepaid items	-	26,879	26,879
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 42,021</u></b>	<b><u>\$ 2,039,019</u></b>	<b><u>\$ 2,081,040</u></b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ 8,565	\$ 8,565
Accounts payable and accrued expenses	501	124,305	124,806
Due to other funds	-	996	996
Unearned revenues	-	349,507	349,507
Total liabilities	<u>501</u>	<u>483,373</u>	<u>483,874</u>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	11,773	-	11,773
Unavailable revenues - grants	-	51,618	51,618
Unavailable revenues - other receivables	-	2,292	2,292
Total deferred inflows of resources	<u>11,773</u>	<u>53,910</u>	<u>65,683</u>
 <b>Fund balances</b>			
Nonspendable	-	26,879	26,879
Restricted	29,747	1,428,456	1,458,203
Assigned	-	61,654	61,654
Unassigned	-	(15,253)	(15,253)
Total fund balances	<u>29,747</u>	<u>1,501,736</u>	<u>1,531,483</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <b><u>\$ 42,021</u></b>	 <b><u>\$ 2,039,019</u></b>	 <b><u>\$ 2,081,040</u></b>

See Independent Auditors' Report.

This page left blank intentionally.

**HOUSTON 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	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 1,065,096	\$ -	\$ 1,065,096
Selective sales and use taxes	-	40,820	40,820
Fees, licenses, and permits	-	282,956	282,956
Charges for services	-	170,791	170,791
Fines and forfeitures	-	200,540	200,540
Intergovernmental revenue and grants	-	1,409,416	1,409,416
Contributions and donations from private sources	-	7,538	7,538
Investment earnings	550	7,234	7,784
Other revenue	-	6,901	6,901
Total revenues	<u>1,065,646</u>	<u>2,126,196</u>	<u>3,191,842</u>
<b>EXPENDITURES</b>			
General government	-	105,364	105,364
Judicial and law enforcement	-	1,187,865	1,187,865
Highways and streets	-	134,479	134,479
Health and welfare	-	359,426	359,426
Culture and recreation	-	44,226	44,226
Pass-through expenditures	-	184,847	184,847
Capital outlay	-	405,221	405,221
Debt service			
Principal	865,000	-	865,000
Interest	301,414	-	301,414
Total expenditures	<u>1,166,414</u>	<u>2,421,428</u>	<u>3,587,842</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>(100,768)</u>	<u>(295,232)</u>	<u>(396,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	-	1,019,185	1,019,185
Transfers out	-	(401,250)	(401,250)
Net other financing sources (uses)	<u>-</u>	<u>617,935</u>	<u>617,935</u>
<b>NET CHANGE IN FUND BALANCE</b>	(100,768)	322,703	221,935
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>130,515</u>	<u>1,179,033</u>	<u>1,309,548</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 29,747</u>	<u>\$ 1,501,736</u>	<u>\$ 1,531,483</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	<u>Jury Fund</u>	<u>Airport Fund</u>	<u>Senior Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 92,274	\$ 17,593	\$ 48,538
Certificates of deposit	-	-	-
Receivables			
Grants	8,257	-	27,686
Other - miscellaneous	8,417	148	-
Due from other funds	-	-	-
Prepaid items	<u>5,821</u>	<u>683</u>	<u>2,884</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 114,769</u></u>	<u><u>\$ 18,424</u></u>	<u><u>\$ 79,108</u></u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Deficit in pooled cash	\$ -	\$ 40	\$ -
Accounts payable and accrued expenses	17,371	188	14,570
Due to other funds	93	-	-
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>17,464</u>	<u>228</u>	<u>14,570</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	6,976	-	-
Unavailable revenues - other receivables	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>6,976</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	5,821	683	2,884
Restricted	84,508	17,513	-
Assigned	-	-	61,654
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>90,329</u>	<u>18,196</u>	<u>64,538</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 114,769</u></u>	<u><u>\$ 18,424</u></u>	<u><u>\$ 79,108</u></u>

<u>Courthouse Security Fund</u>	<u>Bail Bond Board</u>	<u>Law Library Fund</u>	<u>Hotel Occupancy Tax</u>	<u>Community Development</u>	<u>Historical Commission</u>
\$ 39,747	\$ 1,508	\$ 43,825	\$ 160,576	\$ 219,214	\$ 33,496
-	-	-	-	-	-
-	-	-	-	-	-
1,720	-	1,334	1,614	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 41,467</u>	<u>\$ 1,508</u>	<u>\$ 45,159</u>	<u>\$ 162,190</u>	<u>\$ 219,214</u>	<u>\$ 33,496</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,292	-	-	-	-	816
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>816</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,175	1,508	45,159	162,190	219,214	32,680
-	-	-	-	-	-
-	-	-	-	-	-
<u>35,175</u>	<u>1,508</u>	<u>45,159</u>	<u>162,190</u>	<u>219,214</u>	<u>32,680</u>
<u>\$ 41,467</u>	<u>\$ 1,508</u>	<u>\$ 45,159</u>	<u>\$ 162,190</u>	<u>\$ 219,214</u>	<u>\$ 33,496</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	<u>Justice Court Security</u>	<u>Justice Court Technology</u>	<u>Truancy Prevention/ Diversion</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,490	\$ 1,279	\$ 30,509
Certificates of deposit	-	-	-
Receivables			
Grants	-	-	-
Other - miscellaneous	107	374	627
Due from other funds	-	43	-
Prepaid items	-	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 10,597</u></u>	<u><u>\$ 1,696</u></u>	<u><u>\$ 31,136</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Due to other funds	43	-	-
Unearned revenues	-	-	-
<b>Total liabilities</b>	<u>43</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	10,554	1,696	31,136
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<u>10,554</u>	<u>1,696</u>	<u>31,136</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 10,597</u></u>	<u><u>\$ 1,696</u></u>	<u><u>\$ 31,136</u></u>

<u>Guardianship Fund</u>	<u>County &amp; District Court Technology</u>	<u>Family Protection</u>	<u>Child Welfare Board</u>	<u>Child Abuse Prevention</u>	<u>Election Services Contracts</u>
\$ 2,220	\$ 3,744	\$ 1,988	\$ 8,201	\$ 1,998	\$ 7,469
-	-	-	3,519	-	-
-	-	-	-	-	-
60	95	-	-	8	639
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,280</u>	<u>\$ 3,839</u>	<u>\$ 1,988</u>	<u>\$ 11,720</u>	<u>\$ 2,006</u>	<u>\$ 8,108</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	28
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	28
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,280	3,839	1,988	11,720	2,006	8,080
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,280</u>	<u>3,839</u>	<u>1,988</u>	<u>11,720</u>	<u>2,006</u>	<u>8,080</u>
<u>\$ 2,280</u>	<u>\$ 3,839</u>	<u>\$ 1,988</u>	<u>\$ 11,720</u>	<u>\$ 2,006</u>	<u>\$ 8,108</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	<u>Right of Way</u>	<u>Road &amp; Bridge Fines</u>	<u>Timber &amp; Mineral Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 33,826	\$ 104,161	\$ 154,665
Certificates of deposit	-	-	-
Receivables			
Grants	-	-	-
Other - miscellaneous	-	24,744	-
Due from other funds	-	-	-
Prepaid items	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 33,826</u>	<u>\$ 128,905</u>	<u>\$ 154,665</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	1,429	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>-</u>	<u>1,429</u>	<u>-</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	-	-	-
Restricted	33,826	127,476	154,665
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>33,826</u>	<u>127,476</u>	<u>154,665</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 33,826</u>	<u>\$ 128,905</u>	<u>\$ 154,665</u>

<u>Records Management &amp; Preservation</u>	<u>Co Clerk Records Preservation</u>	<u>District Clerk Records Preservation</u>	<u>County Clerk Vital Records</u>	<u>County Clerk Archives</u>	<u>District Clerk Archives</u>
\$ 496	\$ 31,591	\$ 14,086	\$ 3,741	\$ 125,488	\$ 12,971
-	-	-	-	-	-
-	-	-	-	-	-
171	4,440	1,188	143	4,310	105
-	-	-	-	-	-
-	17,216	-	-	-	-
<u>\$ 667</u>	<u>\$ 53,247</u>	<u>\$ 15,274</u>	<u>\$ 3,884</u>	<u>\$ 129,798</u>	<u>\$ 13,076</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,639	-	1,527	-	-
-	-	-	-	860	-
-	-	-	-	-	-
-	1,639	-	1,527	860	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	17,216	-	-	-	-
667	34,392	15,274	2,357	128,938	13,076
-	-	-	-	-	-
-	-	-	-	-	-
<u>667</u>	<u>51,608</u>	<u>15,274</u>	<u>2,357</u>	<u>128,938</u>	<u>13,076</u>
<u>\$ 667</u>	<u>\$ 53,247</u>	<u>\$ 15,274</u>	<u>\$ 3,884</u>	<u>\$ 129,798</u>	<u>\$ 13,076</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	<u>Co Attorney Pre-trial Intervention</u>	<u>Hot Check Fees</u>	<u>District Attorney Hot Checks</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 3,767	\$ 112
Certificates of deposit	-	-	-
Receivables			
Grants	-	-	-
Other - miscellaneous	-	-	-
Due from other funds	2,240	-	-
Prepaid items	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,240</u>	<u>\$ 3,767</u>	<u>\$ 112</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ 2,037	\$ -	\$ -
Accounts payable	203	77	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,240</u>	<u>77</u>	<u>-</u>
<b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	3,690	112
Assigned	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>3,690</u>	<u>112</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 2,240</u>	<u>\$ 3,767</u>	<u>\$ 112</u>

<u>County Attorney Forfeiture</u>	<u>District Attorney Forfeiture</u>	<u>DA Salary Supplement</u>	<u>Sheriff Forfeiture</u>	<u>Permanent Improvement</u>	<u>Tax Anticipation Notes</u>
\$ 1,382	\$ 18,272	\$ 3,239	\$ 2,081	\$ 91,193	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	680	-
-	-	-	-	860	-
-	-	-	-	-	-
<u>\$ 1,382</u>	<u>\$ 18,272</u>	<u>\$ 3,239</u>	<u>\$ 2,081</u>	<u>\$ 92,733</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,736	1,553	334	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,736	1,553	334	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,382	16,536	1,686	1,747	92,733	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,382</u>	<u>16,536</u>	<u>1,686</u>	<u>1,747</u>	<u>92,733</u>	<u>-</u>
<u>\$ 1,382</u>	<u>\$ 18,272</u>	<u>\$ 3,239</u>	<u>\$ 2,081</u>	<u>\$ 92,733</u>	<u>\$ -</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	LEOSE Education Funds	District Attorney Apportionment	Sheriff's Commissary
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,872	\$ 59	\$ 24,497
Certificates of deposit	-	-	-
Receivables			
Grants	-	-	-
Other - miscellaneous	-	2,292	-
Due from other funds	-	103	-
Prepaid items	275	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 9,147</u>	<u>\$ 2,454</u>	<u>\$ 24,497</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	162	7,595
Due to other funds	-	-	-
Unearned revenues	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<u>-</u>	<u>162</u>	<u>7,595</u>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	-	2,292	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>2,292</u>	<u>-</u>
 <b>Fund balances</b>			
Nonspendable	275	-	-
Restricted	8,872	-	16,902
Assigned	-	-	-
Unassigned	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<u>9,147</u>	<u>-</u>	<u>16,902</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <u>\$ 9,147</u>	 <u>\$ 2,454</u>	 <u>\$ 24,497</u>

<u>Vehicle Inventory Tax Interest</u>	<u>Miscellaneous Grants</u>	<u>LATCF Grant Funds</u>	<u>Emergency Management Grant</u>	<u>Victims Assistance Grant</u>	<u>HAVA Grant</u>
\$ 1,110	\$ 23,098	\$ 344,164	\$ 42,390	\$ 12,595	\$ 1,952
-	-	-	-	-	-
-	1,399	-	-	8,390	-
-	-	-	-	-	-
-	-	5,343	539	-	-
-	-	-	-	-	-
<u>\$ 1,110</u>	<u>\$ 24,497</u>	<u>\$ 349,507</u>	<u>\$ 42,929</u>	<u>\$ 20,985</u>	<u>\$ 1,952</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	4,406	2,208	-
-	-	-	-	-	-
-	-	349,507	-	-	-
-	-	349,507	4,406	2,208	-
-	-	-	-	-	-
-	-	-	-	4,892	-
-	-	-	-	-	-
-	-	-	-	4,892	-
-	-	-	-	-	-
1,110	-	-	38,523	13,885	1,952
-	-	-	-	-	-
-	24,497	-	-	-	-
<u>1,110</u>	<u>24,497</u>	<u>-</u>	<u>38,523</u>	<u>13,885</u>	<u>1,952</u>
<u>\$ 1,110</u>	<u>\$ 24,497</u>	<u>\$ 349,507</u>	<u>\$ 42,929</u>	<u>\$ 20,985</u>	<u>\$ 1,952</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	911 Addressing Grant	Juvenile Probation	CDBG Grant
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,489	\$ 37,146	\$ -
Certificates of deposit	-	-	-
Receivables			
Grants	-	27,683	39,750
Other - miscellaneous	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 11,489</u>	<u>\$ 64,829</u>	<u>\$ 39,750</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Deficit in pooled cash	\$ -	\$ 6,488	\$ -
Accounts payable	1,693	20,728	39,750
Due to other funds	-	-	-
Unearned revenues	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	1,693	27,216	39,750
 Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	39,750
Unavailable revenues - other receivables	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	-	-	39,750
 Fund balances			
Nonspendable	-	-	-
Restricted	9,796	37,613	-
Assigned	-	-	-
Unassigned	-	-	(39,750)
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	9,796	37,613	(39,750)
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <u>\$ 11,489</u>	 <u>\$ 64,829</u>	 <u>\$ 39,750</u>

Total  
Nonmajor  
Special Revenue  
Funds

---

\$ 1,833,112  
3,519

113,165  
53,216  
9,128  

---

26,879

\$ 2,039,019

\$ 8,565  
124,305  
996  

---

349,507  

---

483,373

-  
51,618  

---

2,292  

---

53,910

26,879  
1,428,456  
61,654  

---

(15,253)  

---

1,501,736

\$ 2,039,019

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Jury Fund	Airport Fund	Senior Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	60,780	-	-
Charges for services	2,718	23,192	49,918
Fines and forfeitures	732	-	-
Intergovernmental revenue and grants	45,344	-	207,561
Contributions and donations from private sources	-	-	6,821
Investment earnings	445	-	322
Other revenue	1,136	-	-
Total revenues	<u>111,155</u>	<u>23,192</u>	<u>264,622</u>
<b>EXPENDITURES</b>			
General government	-	-	-
Judicial and law enforcement	406,740	-	-
Highways and streets	-	-	-
Health and welfare	-	-	359,426
Culture and recreation	-	24,892	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>406,740</u>	<u>24,892</u>	<u>359,426</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<u>(295,585)</u>	<u>(1,700)</u>	<u>(94,804)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	368,642	17,000	72,000
Transfers out	-	-	-
Net other financing sources (uses)	<u>368,642</u>	<u>17,000</u>	<u>72,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	73,057	15,300	(22,804)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>17,272</u>	<u>2,896</u>	<u>87,342</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 90,329</u>	<u>\$ 18,196</u>	<u>\$ 64,538</u>

<u>Courthouse Security Fund</u>	<u>Bail Bond Board</u>	<u>Law Library Fund</u>	<u>Hotel Occupancy Tax</u>	<u>Community Development</u>	<u>Historical Commission</u>
\$ -	\$ -	\$ -	\$ 40,742	\$ -	\$ -
14,463	500	13,881	-	-	-
-	-	-	-	-	-
4,419	-	-	-	-	-
-	-	-	-	66,781	-
-	-	-	-	-	138
253	8	217	844	1,097	174
-	-	-	-	-	422
<u>19,135</u>	<u>508</u>	<u>14,098</u>	<u>41,586</u>	<u>67,878</u>	<u>734</u>
-	-	-	30,000	-	-
176,542	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	16,558	2,776
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>176,542</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>16,558</u>	<u>2,776</u>
<u>(157,407)</u>	<u>508</u>	<u>14,098</u>	<u>11,586</u>	<u>51,320</u>	<u>(2,042)</u>
-	-	-	-	-	-
-	-	-	-	-	-
140,000	-	-	-	-	2,935
-	-	-	-	(17,000)	-
<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,000)</u>	<u>2,935</u>
(17,407)	508	14,098	11,586	34,320	893
<u>52,582</u>	<u>1,000</u>	<u>31,061</u>	<u>150,604</u>	<u>184,894</u>	<u>31,787</u>
<u>\$ 35,175</u>	<u>\$ 1,508</u>	<u>\$ 45,159</u>	<u>\$ 162,190</u>	<u>\$ 219,214</u>	<u>\$ 32,680</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Justice Court Security	Justice Court Technology	Truancy Prevention/ Diversion
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	-	-	3,107
Charges for services	-	-	-
Fines and forfeitures	1,271	4,887	5,434
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	54	5	7
Other revenue	-	-	-
Total revenues	<u>1,325</u>	<u>4,892</u>	<u>8,548</u>
EXPENDITURES			
General government	-	-	-
Judicial and law enforcement	-	4,000	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>4,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,325</u>	<u>892</u>	<u>8,548</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,325	892	8,548
FUND BALANCE - BEGINNING OF YEAR	<u>9,229</u>	<u>804</u>	<u>22,588</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,554</u>	<u>\$ 1,696</u>	<u>\$ 31,136</u>

<u>Guardianship Fund</u>	<u>County &amp; District Court Technology</u>	<u>Family Protection</u>	<u>Child Welfare Board</u>	<u>Child Abuse Prevention</u>	<u>Election Services Contracts</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,140	1,189	30	-	15	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,209
-	-	-	374	-	-
-	19	10	4	2	36
-	-	-	-	-	-
<u>1,140</u>	<u>1,208</u>	<u>40</u>	<u>378</u>	<u>17</u>	<u>5,245</u>
-	-	-	-	-	3,640
-	-	-	4,842	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,842	-	3,640
<u>1,140</u>	<u>1,208</u>	<u>40</u>	<u>(4,464)</u>	<u>17</u>	<u>1,605</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,500	-	-
-	-	-	-	-	-
-	-	-	2,500	-	-
1,140	1,208	40	(1,964)	17	1,605
<u>1,140</u>	<u>2,631</u>	<u>1,948</u>	<u>13,684</u>	<u>1,989</u>	<u>6,475</u>
<u>\$ 2,280</u>	<u>\$ 3,839</u>	<u>\$ 1,988</u>	<u>\$ 11,720</u>	<u>\$ 2,006</u>	<u>\$ 8,080</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Right of Way	Road & Bridge Fines	Timber & Mineral Funds
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	88,360	-	-
Charges for services	-	-	-
Fines and forfeitures	-	178,008	-
Intergovernmental revenue and grants	-	-	394,391
Contributions and donations from private sources	-	-	-
Investment earnings	153	499	766
Other revenue	-	-	-
Total revenues	<u>88,513</u>	<u>178,507</u>	<u>395,157</u>
EXPENDITURES			
General government	-	-	-
Judicial and law enforcement	-	-	-
Highways and streets	-	38,283	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	184,847
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>38,283</u>	<u>184,847</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>88,513</u>	<u>140,224</u>	<u>210,310</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	-	-	-
Transfers out	(80,000)	(100,000)	(189,100)
Net other financing sources (uses)	<u>(80,000)</u>	<u>(100,000)</u>	<u>(189,100)</u>
NET CHANGE IN FUND BALANCE	8,513	40,224	21,210
FUND BALANCE - BEGINNING OF YEAR	<u>25,313</u>	<u>87,252</u>	<u>133,455</u>
FUND BALANCE - END OF YEAR	<u>\$ 33,826</u>	<u>\$ 127,476</u>	<u>\$ 154,665</u>

<u>Records Management &amp; Preservation</u>	<u>Co Clerk Records Preservation</u>	<u>District Clerk Records Preservation</u>	<u>County Clerk Vital Records</u>	<u>County Clerk Archives</u>	<u>District Clerk Archives</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,430	45,650	9,601	2,350	33,340	505
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1	175	67	19	633	67
-	-	-	-	-	-
<u>1,431</u>	<u>45,825</u>	<u>9,668</u>	<u>2,369</u>	<u>33,973</u>	<u>572</u>
2,842	67,353	-	1,529	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,842</u>	<u>67,353</u>	<u>-</u>	<u>1,529</u>	<u>-</u>	<u>-</u>
<u>(1,411)</u>	<u>(21,528)</u>	<u>9,668</u>	<u>840</u>	<u>33,973</u>	<u>572</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	25,000	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,411)	3,472	9,668	840	33,973	572
<u>2,078</u>	<u>48,136</u>	<u>5,606</u>	<u>1,517</u>	<u>94,965</u>	<u>12,504</u>
<u>\$ 667</u>	<u>\$ 51,608</u>	<u>\$ 15,274</u>	<u>\$ 2,357</u>	<u>\$ 128,938</u>	<u>\$ 13,076</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Co Attorney Pre-trial <u>Intervention</u>	Hot Check Fees <u>                    </u>	District Attorney <u>Hot Checks</u>
<b>REVENUES</b>			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	-	-	-
Charges for services	-	-	-
Fines and forfeitures	1,800	1,205	150
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	-	16	1
Other revenue	-	-	-
Total revenues	<u>1,800</u>	<u>1,221</u>	<u>151</u>
<b>EXPENDITURES</b>			
General government	-	-	-
Judicial and law enforcement	7,965	77	50
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>7,965</u>	<u>77</u>	<u>50</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<u>(6,165)</u>	<u>1,144</u>	<u>101</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	6,390	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>6,390</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	225	1,144	101
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>(225)</u>	<u>2,546</u>	<u>11</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,690</u>	<u>\$ 112</u>

<u>County Attorney Forfeiture</u>	<u>District Attorney Forfeiture</u>	<u>DA Salary Supplement</u>	<u>Sheriff Forfeiture</u>	<u>Permanent Improvement</u>	<u>Tax Anticipation Notes</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	6,615	-
-	-	-	-	-	-
-	1,500	-	9	-	-
-	-	-	-	-	-
-	-	-	-	205	-
-	91	21	11	445	1
-	-	-	-	-	-
<u>-</u>	<u>1,591</u>	<u>21</u>	<u>20</u>	<u>7,265</u>	<u>1</u>
-	-	-	-	-	-
-	4,869	34,881	1,140	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>4,869</u>	<u>34,881</u>	<u>1,140</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(3,278)</u>	<u>(34,860)</u>	<u>(1,120)</u>	<u>7,265</u>	<u>1</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	35,294	-	75,000	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>35,294</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
-	(3,278)	434	(1,120)	82,265	1
<u>1,382</u>	<u>19,814</u>	<u>1,252</u>	<u>2,867</u>	<u>10,468</u>	<u>(1)</u>
<u>\$ 1,382</u>	<u>\$ 16,536</u>	<u>\$ 1,686</u>	<u>\$ 1,747</u>	<u>\$ 92,733</u>	<u>\$ -</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	LEOSE Education Funds	District Attorney Apportionment	Sheriff's Commissary
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	-	-	-
Charges for services	-	-	94,963
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	4,166	27,500	-
Contributions and donations from private sources	-	-	-
Investment earnings	49	-	-
Other revenue	-	-	-
Total revenues	<u>4,215</u>	<u>27,500</u>	<u>94,963</u>
EXPENDITURES			
General government	-	-	-
Judicial and law enforcement	6,148	14,203	88,385
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>6,148</u>	<u>14,203</u>	<u>88,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,933)</u>	<u>13,297</u>	<u>6,578</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	-	-	-
Transfers out	-	(15,150)	-
Net other financing sources (uses)	<u>-</u>	<u>(15,150)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,933)	(1,853)	6,578
FUND BALANCE - BEGINNING OF YEAR	<u>11,080</u>	<u>1,853</u>	<u>10,324</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,147</u>	<u>\$ -</u>	<u>\$ 16,902</u>

<u>Vehicle Inventory Tax Interest</u>	<u>Miscellaneous Grants</u>	<u>LATCF Grant Funds</u>	<u>Emergency Management Grant</u>	<u>Victims Assistance Grant</u>	<u>HAVA Grant</u>
\$ 78	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,993	399,878	-	57,969	-
-	-	-	-	-	-
-	170	-	255	-	-
-	-	5,343	-	-	-
<u>78</u>	<u>7,163</u>	<u>405,221</u>	<u>255</u>	<u>57,969</u>	<u>-</u>
-	-	-	-	-	-
-	6,993	-	126,127	62,391	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	405,221	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>6,993</u>	<u>405,221</u>	<u>126,127</u>	<u>62,391</u>	<u>-</u>
<u>78</u>	<u>170</u>	<u>-</u>	<u>(125,872)</u>	<u>(4,422)</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	85,000	-	120,539	17,885	-
-	-	-	-	-	-
<u>-</u>	<u>85,000</u>	<u>-</u>	<u>120,539</u>	<u>17,885</u>	<u>-</u>
78	85,170	-	(5,333)	13,463	-
<u>1,032</u>	<u>(60,673)</u>	<u>-</u>	<u>43,856</u>	<u>422</u>	<u>1,952</u>
<u>\$ 1,110</u>	<u>\$ 24,497</u>	<u>\$ -</u>	<u>\$ 38,523</u>	<u>\$ 13,885</u>	<u>\$ 1,952</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	911 Addressing Grant	Juvenile Probation	CDBG Grant
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	1,125	-
Intergovernmental revenue and grants	25,369	168,255	-
Contributions and donations from private sources	-	-	-
Investment earnings	-	297	-
Other revenue	-	-	-
Total revenues	<u>25,369</u>	<u>169,677</u>	<u>-</u>
EXPENDITURES			
General government	-	-	-
Judicial and law enforcement	-	242,512	-
Highways and streets	56,446	-	39,750
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>56,446</u>	<u>242,512</u>	<u>39,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(31,077)</u>	<u>(72,835)</u>	<u>(39,750)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	31,000	20,000	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>31,000</u>	<u>20,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(77)	(52,835)	(39,750)
FUND BALANCE - BEGINNING OF YEAR	<u>9,873</u>	<u>90,448</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,796</u>	<u>\$ 37,613</u>	<u>\$ (39,750)</u>

Total  
Nonmajor  
Special Revenue  
Funds

---

\$ 40,820  
282,956  
170,791  
200,540  
1,409,416  
7,538  
7,234  
6,901

---

2,126,196

105,364  
1,187,865  
134,479  
359,426  
44,226  
184,847  
405,221

-  
-

---

2,421,428

(295,232)

-  
-  
1,019,185  
(401,250)  
617,935

322,703  
1,179,033  
\$ 1,501,736

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2023**

	District Clerk Fee Fund	County Clerk Fee Fund	JP #1 Fee Fund
<b>ASSETS</b>			
Cash	\$ 47,863	\$ 38,133	\$ 15,224
Invested cash	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	47,863	38,133	15,224
<b>LIABILITIES</b>			
Accounts payable	-	-	1,368
Due to other funds	44,684	38,133	13,856
Due to other governmental units	-	-	-
TOTAL LIABILITIES	44,684	38,133	15,224
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	3,179	-	-
TOTAL NET POSITION	\$ 3,179	\$ -	\$ -

<u>JP #2 Fee Fund</u>	<u>Sheriff's Fee Fund</u>	<u>Criminal Justice Fee Fund</u>	<u>12th Circuit Court of Appeals</u>	<u>County Attorney Hot Check</u>	<u>DA Forfeiture Trust Fund</u>
\$ 10,834	\$ 640	\$ 32,151	\$ 305	\$ -	\$ 38,906
-	-	-	-	-	-
-	-	-	-	-	-
-	-	18,037	186	-	-
<u>10,834</u>	<u>640</u>	<u>50,188</u>	<u>491</u>	<u>-</u>	<u>38,906</u>
1,001	-	-	-	-	-
9,833	640	3,242	-	-	-
-	-	46,946	491	-	-
<u>10,834</u>	<u>640</u>	<u>50,188</u>	<u>491</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	38,906
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,906</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2023**

	Sheriff's Inmate Trust Fund	Tax Assessor's Ad Valorem	Tax Assessor's VIT Escrow
<b>ASSETS</b>			
Cash	\$ 14,543	\$ 93,537	\$ 32,690
Invested cash	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	14,543	93,537	32,690
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Due to other funds	-	-	-
Due to other governmental units	-	93,537	61
TOTAL LIABILITIES	-	93,537	61
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	14,543	-	32,629
TOTAL NET POSITION	\$ 14,543	\$ -	\$ 32,629

<u>Tax Assessor's Boat Registration</u>	<u>Tax Assessor's Mobile Home Mvmt Escrow</u>	<u>Tax Assessor's Farm Fee</u>	<u>Tax Assessor's Highway Department</u>	<u>Tax Assessor's Hwy Emission Reg Fee</u>	<u>Tax Assessor's IVTRS Account</u>
\$ 172	\$ 3,400	\$ 275	\$ 218,371	\$ 2,925	\$ 2,346
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>172</u>	<u>3,400</u>	<u>275</u>	<u>218,371</u>	<u>2,925</u>	<u>2,346</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>172</u>	<u>7</u>	<u>275</u>	<u>218,371</u>	<u>2,925</u>	<u>2,346</u>
<u>172</u>	<u>7</u>	<u>275</u>	<u>218,371</u>	<u>2,925</u>	<u>2,346</u>
-	<u>3,393</u>	-	-	-	-
<u>\$ -</u>	<u>\$ 3,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2023**

	County Clerk Trust Fund	District Clerk Trust Fund	Unclaimed Funds
<b>ASSETS</b>			
Cash	\$ 226,509	\$ 821,914	\$ 8,241
Invested cash	119,436	170,767	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	345,945	992,681	8,241
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Due to other funds	-	-	-
Due to other governmental units	-	-	-
TOTAL LIABILITIES	-	-	-
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	345,945	992,681	8,241
TOTAL NET POSITION	\$ 345,945	\$ 992,681	\$ 8,241

Total  
Custodial  
Funds

---

\$ 1,608,979  
290,203  
-  
18,223  
1,917,405

2,369  
110,388  
365,131  
477,888

1,439,517  
\$ 1,439,517

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

	<u>District Clerk</u> <u>Fee Fund</u>	<u>County Clerk</u> <u>Fee Fund</u>	<u>JP #1</u> <u>Fee Fund</u>
<b>ADDITIONS</b>			
Taxes and fees collected for Houston County	\$ 232,078	\$ 437,025	\$ 99,219
Taxes and fees collected for other governments	49,917	42,115	66,188
Trust/escrow contributions	9,747	1,000	11,883
Inmate accounts	-	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	-	-	-
<b>TOTAL ADDITIONS</b>	<u>291,742</u>	<u>480,140</u>	<u>177,290</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Houston County	232,078	437,025	99,219
Taxes and fees collected for other governments	49,917	41,684	66,188
Disbursements to beneficiaries	13,370	1,431	11,883
Inmate accounts	-	-	-
<b>TOTAL DEDUCTIONS</b>	<u>295,365</u>	<u>480,140</u>	<u>177,290</u>
<b>NET INCREASE (DECREASE) IN</b>			
<b>FIDUCIARY NET POSITION</b>	(3,623)	-	-
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>6,802</u>	<u>-</u>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,179</u>	<u>\$ -</u>	<u>\$ -</u>

<u>JP #2 Fee Fund</u>	<u>Sheriff's Fee Fund</u>	<u>Criminal Justice Fee Fund</u>	<u>12th Circuit Court of Appeals</u>	<u>County Attorney Hot Check</u>	<u>DA Forfeiture Trust Fund</u>
\$ 80,214	\$ 8,263	\$ -	\$ -	\$ -	\$ -
61,784	8,505	-	-	-	-
8,518	4,465	-	-	-	-
-	-	-	-	-	-
-	-	-	-	32,257	-
-	-	-	-	-	12,034
-	-	-	-	-	-
<u>150,516</u>	<u>21,233</u>	<u>-</u>	<u>-</u>	<u>32,257</u>	<u>12,034</u>
80,214	8,263	-	-	-	-
61,476	8,505	-	-	-	-
8,826	4,465	-	-	32,257	2,989
-	-	-	-	-	-
<u>150,516</u>	<u>21,233</u>	<u>-</u>	<u>-</u>	<u>32,257</u>	<u>2,989</u>
-	-	-	-	-	9,045
-	-	-	-	-	29,861
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,906</u>

See Independent Auditors' Report.

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

	Sheriff's Inmate Trust Fund	Tax Assessor's Ad Valorem	Tax Assessor's VIT Escrow
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>			
Taxes and fees collected for Houston County	\$ -	\$ 9,437,866	\$ 8,925
Taxes and fees collected for other governments	-	3,168,201	38,576
Trust/escrow contributions	-	-	-
Inmate accounts	119,644	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	-	1,024	137
<b>TOTAL ADDITIONS</b>	<u>119,644</u>	<u>12,607,091</u>	<u>47,638</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Houston County	-	9,438,890	13,431
Taxes and fees collected for other governments	-	3,168,201	38,576
Disbursements to beneficiaries	18,548	-	-
Inmate accounts	100,500	-	-
<b>TOTAL DEDUCTIONS</b>	<u>119,048</u>	<u>12,607,091</u>	<u>52,007</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	596	-	(4,369)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>13,947</u>	<u>-</u>	<u>36,998</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 14,543</u>	<u>\$ -</u>	<u>\$ 32,629</u>

<u>Tax Assessor's Boat Registration</u>	<u>Tax Assessor's Mobile Home Mvmt Escrow</u>	<u>Tax Assessor's Farm Fee</u>	<u>Tax Assessor's Highway Department</u>	<u>Tax Assessor's Hwy Emission Reg Fee</u>	<u>Tax Assessor's IVTRS Account</u>
\$ 4,437	\$ -	\$ -	\$ 686,260	\$ -	\$ 128,540
17,611	-	3,845	2,043,892	48,077	-
-	3,439	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	14	-	1,067	12	8
<u>22,048</u>	<u>3,453</u>	<u>3,845</u>	<u>2,731,219</u>	<u>48,089</u>	<u>128,548</u>
4,437	-	-	687,327	8	6
17,611	-	3,845	2,043,892	48,081	128,614
-	8,698	-	-	-	-
-	-	-	-	-	-
<u>22,048</u>	<u>8,698</u>	<u>3,845</u>	<u>2,731,219</u>	<u>48,089</u>	<u>128,620</u>
-	(5,245)	-	-	-	(72)
-	8,638	-	-	-	72
<u>\$ -</u>	<u>\$ 3,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report.

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

	<u>County Clerk Trust Fund</u>	<u>District Clerk Trust Fund</u>	<u>Unclaimed Funds</u>
<b>ADDITIONS</b>			
Taxes and fees collected for Houston County	\$ -	\$ -	\$ -
Taxes and fees collected for other governments	-	-	-
Trust/escrow contributions	20,136	771,785	1,062
Inmate accounts	-	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	132	192	-
<b>TOTAL ADDITIONS</b>	<u>20,268</u>	<u>771,977</u>	<u>1,062</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Houston County	-	-	-
Taxes and fees collected for other governments	-	-	-
Disbursements to beneficiaries	80,788	16,058	-
Inmate accounts	-	-	-
<b>TOTAL DEDUCTIONS</b>	<u>80,788</u>	<u>16,058</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN</b>			
<b>FIDUCIARY NET POSITION</b>	(60,520)	755,919	1,062
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>406,465</u>	<u>236,762</u>	<u>7,179</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 345,945</u>	<u>\$ 992,681</u>	<u>\$ 8,241</u>

Total  
Custodial  
Funds

---

\$ 11,122,827  
5,548,711  
832,035  
119,644  
32,257  
12,034  
2,586

---

17,670,094

11,000,898  
5,676,590  
199,313  
100,500

---

16,977,301

692,793  
746,724

---

\$ 1,439,517

---

This page left blank intentionally.

**COMPLIANCE SECTION**

This page left blank intentionally.



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

To the Honorable County Judge and  
Members of the Commissioners Court  
Houston 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 Houston County, Texas (the "County"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Houston County, Texas' basic financial statements and have issued our report thereon dated July 31, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Houston County, 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

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

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

July 31, 2024



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

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

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

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

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED**

***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED**

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

July 31, 2024

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTMEBER 30, 2023**

Federal Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal Assistance Listing	Grant Number/ Pass-through Grantor's Number	Total Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Agriculture</u>				
<i>Passed through Texas Comptroller</i>				
Schools and Roads - Grants to States - Title I	10.665	-	\$ 304,137	\$ 149,942
Total for Assistance Listing 10.665			<u>304,137</u>	<u>149,942</u>
Total U.S. Department of Agriculture:			<u>304,137</u>	<u>149,942</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through Texas Department of Agriculture</i>				
Community Development Block Grants/ State Program and Non-Entitlement Grants in Hawai'i	14.228	CDV21-0354	39,750	-
Total for Assistance Listing 14.228			<u>39,750</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development:			<u>39,750</u>	<u>-</u>
<u>U.S. Department of the Interior</u>				
<i>Passed through Texas Comptroller</i>				
National Forest Acquired Lands	15.438	-	69,810	34,905
Total for Assistance Listing 15.438			<u>69,810</u>	<u>34,905</u>
Total U.S. Department of the Interior:			<u>69,810</u>	<u>34,905</u>
<u>U.S. Department of the Treasury</u>				
<i>Direct Funding</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-1168	1,419,589	-
Total for Assistance Listing 21.027			<u>1,419,589</u>	<u>-</u>
Local Assistance and Tribal Consistency Fund	21.032	LATCF-0916	405,221	-
Total for Assistance Listing 21.032			<u>405,221</u>	<u>-</u>
Total U.S. Department of the Treasury:			<u>1,824,810</u>	<u>-</u>

See Independent Auditors' Report and Notes to the Schedule of Expenditures of Federal Awards.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTMEBER 30, 2023**  
**(CONTINUED)**

Federal Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal Assistance Listing	Grant Number/ Pass-through Grantor's Number	Total Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through Texas Department of Family and Protective Services</i>				
Title IV-E Legal Services Contract	93.658	HHS00025810038	<u>6,535</u>	<u>-</u>
Total for Assistance Listing 93.658			<u>6,535</u>	<u>-</u>
Total U.S. Department of Health and Human Services:			<u>6,535</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
<i>Passed through Texas Department of Public Safety Division of Emergency Management</i>				
Hazard Mitigation Grant	97.039	DR-4466-010	<u>3,100</u>	<u>-</u>
Total for Assistance Listing 97.039			<u>3,100</u>	<u>-</u>
Total U.S. Department of Homeland Security:			<u>3,100</u>	<u>-</u>
<b>Total Expenditures of Federal Awards:</b>			<b><u>\$ 2,248,142</u></b>	<b><u>\$ 184,847</u></b>

See Independent Auditors' Report and Notes to the Schedule of Expenditures of Federal Awards.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1 – Summary of Significant Accounting Policies**

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards (“Schedule”) are reported on the accrual basis of accounting and accordingly, all significant receivables, payables, and other liabilities are included. Where applicable, such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of Coronavirus Recovery Funds are reported on the accrual basis of accounting and are recognized following the U.S. Treasury’s cost guidelines for State and Local Fiscal Recovery Funds.

**NOTE 2 – Indirect Cost Rate**

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

**NOTE 3 – Basis of Presentation**

**General.** The Schedule includes the federal grant activity of Houston County, Texas under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of Houston County, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of Houston County, Texas.

**Relationship to Federal Financial Reports.** For some grants, amounts included in federal financial reports filed by the County with grantor agencies are reported on the cash basis. Accordingly, the related cash basis reports may not agree with amounts reported in the accompanying Schedule.

**NOTE 4 – Presentation of Expenditures**

Expenditures included in the Schedule are reported exclusive of non-federal matching funds.

**NOTE 5 – Other**

Pass-through entity identifying numbers are presented where available.

This page left blank intentionally.

**HOUSTON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

Section I – Summary of Auditors’ Results

---

***Financial Statements***

Type of auditors’ report issued: Unmodified

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes

Non-compliance material to financial statements noted? \_\_\_\_\_ yes  no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with § 516(a) of the *Uniform Guidance*? \_\_\_\_\_ yes  no

Identification of major programs:

<i>Federal Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B federal programs: \$ 750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes  no

**HOUSTON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

Section II – Financial Statements Audit Findings

---

None.

**HOUSTON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

Section III – Major Federal Award Programs Audit Findings and Questioned Costs

---

None.

**HOUSTON COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

Financial Statements Audit Findings

---

*None.*

---

Major Federal Award Programs Audit Findings

---

*None.*