

*BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION*

**COUNTY OF GILLESPIE,
TEXAS**

Fredericksburg, Texas

**For the Year Ended
September 30, 2023**

GILLESPIE COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

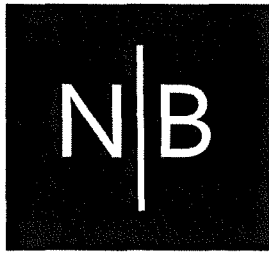
GILLESPIE COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT

Honorable Judge and County Commissioners
Gillespie County, Texas
Fredericksburg, TX 78624

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the schedule of changes in net pension liability and related ratios and the schedule of employer contributions on pages 4-9 and 48-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gillespie County, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal*

Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, on our consideration of Gillespie County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gillespie County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gillespie County, Texas' internal control over financial reporting and compliance.

Neffendorf & Blocker, P.C.

Neffendorf & Blocker, P.C.

Fredericksburg, Texas

May 13, 2024

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

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

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$74,757,005 (Net Position). Of this amount, \$30,992,247 (unrestricted Net Position) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's Net Position increased by \$11,523,127 as a result of this year's operations.
- At September 30, 2023, the County's governmental funds reported combined ending fund balances of \$42,343,284, an increase of \$7,774, 775 in comparison with the prior year.
- At September 30, 2023, the unassigned fund balance of the general fund was \$27,688,383 or 125 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 12). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 14 & 17) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 24) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (General, Non-Specific Grants and Road & Bridge Funds) are presented as required supplementary information on pages 48-50.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

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

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

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

➤ Governmental activity - Most of the County's basic services are reported here, including the general administration, public safety, roads and bridges, judicial system, health and sanitation services, public facilities, libraries and education, and agricultural services. Property taxes, user charges, sales tax and governmental grants and contributions finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 14 & 17 provide detailed information about the most significant funds - not the County as a whole.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position of the County's governmental activities increased from \$63,236,157 to \$74,757,005. Unrestricted Net Position - the part of Net Position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$30,992,247 at September 30, 2023. This increase in governmental Net Position was the result of six factors. First, the County's revenues exceeded the expenditures by \$7,774,775. Second, the County acquired capital assets in the amount of \$3,623,177. Third, the County retired principal on long-term debt of \$1,468,983. Fourth, the County recorded depreciation in the amounts of \$2,026,145. Fifth, the County issued lease and SBITA proceeds in the amount of \$141,878. Sixth, a net increase of \$594,777 due to the required entries of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Table I
Gillespie County, Texas

NET POSITION in thousands

	Governmental Activities	
	2023	2022
Current and Other Assets	\$ 49,285	\$ 39,939
Capital Assets	39,337	37,479
Net Pension Asset	433	5,651
Total Assets	<u>\$ 89,055</u>	<u>\$ 83,069</u>
Deferred Outflows of Resources	<u>\$ 2,784</u>	<u>\$ 2,155</u>
Long-Term Liabilities	\$ 10,321	\$ 11,597
Other Liabilities	5,665	4,027
Total Liabilities	<u>\$ 15,986</u>	<u>\$ 15,624</u>
Deferred Inflows of Resources	<u>\$ 1,096</u>	<u>\$ 6,364</u>
Net Position:		
Net Investment in Capital Assets	\$ 29,110	\$ 25,986
Restricted	14,655	13,796
Unrestricted	<u>30,992</u>	<u>23,454</u>
Total Net Position	<u>\$ 74,757</u>	<u>\$ 63,236</u>

Table II
Gillespie County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2023	2022
Revenues:		
Charges for Services	\$ 3,990	\$ 3,426
Operating Grants and Contributions	2,133	461
Capital Grants and Contributions	458	2,452
Property Taxes	23,378	21,487
Sales Tax	4,570	4,189
Other Taxes	1,761	1,757
Penalty and Interest	165	201
Miscellaneous Revenue	554	746
Investment Earnings	2,090	271
Total Revenue	\$ 39,099	\$ 34,990
Expenses:		
Judicial	\$ 1,669	\$ 1,454
General Administration	11,010	8,160
Public Safety	10,278	8,714
Road and Bridge	2,107	1,882
Health and Sanitation	357	266
Public Facilities	1,131	1,166
Libraries and Education	298	272
Agricultural Services	478	393
Debt Interest	247	194
Debt Fees	1	1
Capital Outlay	-	41
Total Expenses	\$ 27,576	\$ 22,543
Increase in Net Position	\$ 11,523	\$ 12,447
Net Position - Beginning	63,236	50,792
Prior Period Adjustment	(2)	(3)
Net Position - Ending	\$ 74,757	\$ 63,236

The cost of all governmental activities this year was \$27,576,751. However, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$23,378,317 because the other costs were paid by sales tax (\$4,569,501), capital and operating grants and contributions (\$2,591,303), user charges (\$3,989,786), other taxes (\$1,760,765), penalties and interest on taxes (\$165,270), investment earnings (\$2,090,453), and other miscellaneous (\$554,483).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$42,343,284, which is more than last year's total of \$34,570,788. Included in this year's total change in fund balance is an increase of \$6,915,643 in the County's General Fund, an increase of \$199,041 in the County's Grants Fund, a decrease of \$46,170 in the County's Road and Bridge Fund, and an increase of \$290,093 in the County's Capital Projects Funds. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted on page 5.

The Commissioner's Court adopted the General Fund, the Grants Fund and the Road and Bridge Budgets. For the General Fund actual revenues were more than budgeted amounts and expenditures were less than budgeted amounts. For the Grants Fund, actual revenues were less than budgeted amounts and expenditures were less than budgeted amounts. For the Road and Bridge Fund, actual revenues were more than the budgeted amounts and actual expenditures were less than budgeted amounts. This resulted in a positive variance with final budget of \$9,129,547 for the General Fund, a positive variance with the final budget of \$2,831,614 for the Grants Fund, and a positive variance with final budget of \$2,508,550 for the Road and Bridge Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2023, the County had the following amounts invested in capital assets, net of depreciation:

CAPITAL ASSETS in thousands

	2023	2022
Land and Easements	\$ 2,735	\$ 2,735
Construction in Progress	2,946	2,922
Buildings & Improvements	26,615	26,387
Machinery & Equipment	12,166	11,176
Infrastructure	10,731	8,511
Right-to-Use Lease Assets	670	619
SBTIA Assets	176	-
Total Capital Assets	\$ 56,039	\$ 52,350
Less Accumulated Depreciation	16,290	14,684
Less Accumulated Amortization	412	187
Capital Assets, Net	<u>\$ 39,337</u>	<u>\$ 37,479</u>

This year's major additions included:

Vehicles & Equipment	1,150,779
Improvements	228,079
Road Infrastructure	2,219,498
Construction in Progress	24,821
TOTALS	<u>\$ 3,623,177</u>

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

DEBT

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

OUTSTANDING DEBT in thousands

	<u>2023</u>	<u>2022</u>
General Obligation Bonds – Series 2013	\$ -	\$ 670
General Obligation Refunding Bonds-		
Series 2021	8,365	8,365
Finance Purchases Payable	896	1,436
Leases Payable	360	429
SBITAs Payable	94	-
Premium on Bonds	606	697
Compensated Absences	409	360
Total Outstanding Debt	<u>\$ 10,730</u>	<u>\$ 11,957</u>

For governmental activities, the County had \$10,730,579 in general obligation bonds, general obligation refunding bonds, finance purchases, leases and SBITAs payable and compensated absences payable, a decrease of 10 percent. The County retired \$1,468,983 in principle on the outstanding long-term debt. The annual amortization for the bond premium was \$91,159 in fiscal year 2023. The net increase in compensated absences was \$49,533.

More detailed information about the County's long-term liabilities is presented in Note 3.G. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget and tax rates. The major factors are the economy, population growth, and assessed property valuation. These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund budget are \$26,652,002 and expenditures are estimated to be \$33,139,238. If these estimates are realized, the County's budgetary General fund balance is expected to decrease \$6,487,236 by the close of 2024. Amounts available for appropriation in the Road and Bridge Fund budget are \$5,532,348 and expenditures are estimated to be \$8,436,886. If these estimates are realized, the County's budgetary Road and Bridge fund balance is expected to decrease \$2,904,538 by the close of 2024.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1 (Cont'd)

	Primary Government
	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 46,968,154
Taxes Receivable, Net	546,869
Accounts Receivable, Net	231,477
Lease Receivable, Net	983,835
Due from Other Governments	395,693
Due from Fiduciary Funds	148,365
Inventories	10,606
Capital Assets:	
Land Purchase and Improvements	2,734,768
Infrastructure, Net	9,109,340
Buildings, Net	20,118,543
Improvements other than Buildings, Net	579,250
Furniture and Equipment, Net	3,416,054
Right-to-Use Lease Assets	333,467
SBITA Assets	99,389
Construction in Progress	2,946,483
Net Pension Asset	432,784
Total Assets	<hr/> 89,055,077 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge for Refunding	93,667
Deferred Outflow Related to Pension Plan	2,690,424
Total Deferred Outflows of Resources	<hr/> 2,784,091 <hr/>

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

EXHIBIT A-1

	Primary Government
	Governmental Activities
<hr/>	
LIABILITIES	
Accounts Payable	975,393
Wages and Salaries Payable	250,062
Compensated Absences Payable	409,475
Intergovernmental Payable	5,344
Due to Others	4,288
Accrued Interest Payable	34,453
Unearned Revenues	3,986,297
Noncurrent Liabilities:	
Due Within One Year	1,414,002
Due in More Than One Year:	
Bonds Payable - Noncurrent	7,665,000
Financing Leases Payable - Noncurrent	387,558
Unamortized Premiums (Discounts) on Bonds	605,955
Right-to-Use Lease Liabilities - Noncurrent	235,270
SBITA Liabilities - Noncurrent	13,319
Total Liabilities	<u>15,986,416</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	118,566
Deferred Resource Inflow for Leases	977,181
Total Deferred Inflows of Resources	<u>1,095,747</u>
NET POSITION	
Net Investment in Capital Assets and Lease Assets	29,109,857
Restricted:	
Restricted for Special Revenue	7,621,873
Restricted for Capital Acquisition	6,854,468
Restricted for Debt Service	178,560
Unrestricted	30,992,247
Total Net Position	<u><u>\$ 74,757,005</u></u>

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

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

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Judicial	\$ 1,669,453	\$ -	\$ 170,697
General Administration	11,010,440	2,466,380	1,652,297
Public Safety	10,278,373	378,491	240,414
Road and Bridges	2,107,082	747,468	26,432
Health and Sanitation	357,885	-	24,821
Public Facilities	1,131,010	397,447	18,680
Libraries and Education	297,619	-	-
Agriculture Services	477,459	-	-
Interest on Debt	247,030	-	-
Other Debt Service	400	-	-
TOTAL PRIMARY GOVERNMENT	\$ 27,576,751	\$ 3,989,786	\$ 2,133,341

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Penalty and Interest on Taxes

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions	Primary Government Governmental
\$ -	\$ (1,498,756)
-	(6,891,763)
138,972	(9,520,496)
-	(1,333,182)
-	(333,064)
318,990	(395,893)
-	(297,619)
-	(477,459)
-	(247,030)
-	(400)
<u>\$ 457,962</u>	<u>(20,995,662)</u>

22,414,728
963,589
4,569,501
1,760,765
165,270
554,483
2,090,453
<u>32,518,789</u>
11,523,127
63,236,157
(2,279)
<u>\$ 74,757,005</u>

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

	General Fund	Grants Fund	Road & Bridge Fund
ASSETS			
Cash and Cash Equivalents	\$ 28,174,809	\$ 4,063,621	\$ 3,556,439
Taxes Receivable	454,783	-	80,256
Allowance for Uncollectible Taxes (credit)	(9,096)	-	(1,605)
Accounts Receivable, Net	41,562	-	33
Due from Other Governments	359,603	-	25,399
Due from Other Funds	149,138	-	-
Inventories	7,735	-	2,871
Total Assets	<u>\$ 29,178,534</u>	<u>\$ 4,063,621</u>	<u>\$ 3,663,393</u>
LIABILITIES			
Accounts Payable	\$ 650,615	\$ -	\$ 307,196
Wages and Salaries Payable	250,005	-	-
Intergovernmental Payable	5,344	-	-
Due to Other Funds	-	-	763
Due to Others	-	-	-
Unearned Revenues	138,500	3,847,554	-
Total Liabilities	<u>1,044,464</u>	<u>3,847,554</u>	<u>307,959</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	445,687	-	78,651
Total Deferred Inflows of Resources	<u>445,687</u>	<u>-</u>	<u>78,651</u>
FUND BALANCES			
Federal or State Funds Grant Restriction	-	216,067	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	-	-	3,276,783
Unassigned Fund Balance	27,688,383	-	-
Total Fund Balances	<u>27,688,383</u>	<u>216,067</u>	<u>3,276,783</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 29,178,534</u>	<u>\$ 4,063,621</u>	<u>\$ 3,663,393</u>

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

Capital Projects	Other Funds	Total Governmental Funds
\$ 6,830,759	\$ 4,342,526	\$ 46,968,154
-	22,991	558,030
-	(460)	(11,161)
-	255	41,850
-	10,691	395,693
-	-	149,138
-	-	10,606
<u>\$ 6,830,759</u>	<u>\$ 4,376,003</u>	<u>\$ 48,112,310</u>
\$ -	\$ 17,582	\$ 975,393
-	57	250,062
-	-	5,344
-	10	773
-	4,288	4,288
-	243	3,986,297
-	22,180	5,222,157
-	22,531	546,869
-	22,531	546,869
-	-	216,067
6,830,759	23,709	6,854,468
-	178,560	178,560
-	4,129,023	7,405,806
-	-	27,688,383
<u>6,830,759</u>	<u>4,331,292</u>	<u>42,343,284</u>
<u>\$ 6,830,759</u>	<u>\$ 4,376,003</u>	<u>\$ 48,112,310</u>

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

Total Fund Balances - Governmental Funds	\$ 42,343,284
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	25,981,514
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase net position.	5,092,160
The County is required under GASB Statement No. 68 to report their net pension liability/asset in the Government Wide Statement of Net Position. The items reported as a result of this requirement included a net pension asset of \$432,784, a deferred resource outflow of \$2,690,424 and a deferred resource inflow of \$118,566. The net effect of these is to increase net position by \$3,004,642.	3,004,642
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on the right-to-use leased assets and SBITAs.	(2,026,145)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	361,550
Net Position of Governmental Activities	\$ 74,757,005

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

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

	General Fund	Grants Fund	Road & Bridge Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 18,990,107	\$ -	\$ 3,351,195
General Sales and Use Taxes	4,569,501	-	-
Other Taxes	422,347	-	-
Penalty and Interest on Taxes	133,922	-	23,633
Licenses and Permits	169,795	-	747,468
Intergovernmental Revenue and Grants	828,766	1,394,550	-
Charges for Services	1,993,743	-	-
Fines	97,305	-	197,569
Forfeits	-	-	-
Investment Earnings	1,266,859	199,041	198,250
Interest Revenue - Leases	135	-	-
Rents and Royalties	-	-	-
Lease Revenue	69,773	-	-
Other Revenue	297,166	-	12,048
Total Revenues	28,839,419	1,593,591	4,530,163
EXPENDITURES:			
Current:			
General Government:			
Judicial	1,555,223	-	-
General Administration	7,789,711	1,394,550	-
Public Safety	10,534,730	-	-
Public Works:			
Road and Bridges	-	-	4,123,146
Health and Sanitation	368,716	-	-
Public Facilities	896,458	-	-
Libraries and Education	289,080	-	-
Agriculture Services	493,181	-	-
Debt Service:			
Principal on Debt	220,752	-	512,457
Interest on Debt	4,574	-	37,780
Other Debt Service	-	-	-
Capital Outlay:			
Capital Outlay	-	-	-
Total Expenditures	22,152,425	1,394,550	4,673,383
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,686,994	199,041	(143,220)
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	126,076	-	97,050
Proceeds from Right-to-Use Leases	122,573	-	-
Transfers In	-	-	-
Transfers Out	(20,000)	-	-
Total Other Financing Sources (Uses)	228,649	-	97,050

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

Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ 962,712	\$ 23,304,014
-	-	4,569,501
-	1,338,418	1,760,765
-	7,715	165,270
-	-	917,263
-	367,987	2,591,303
-	302,843	2,296,586
-	2,502	297,376
-	81,116	81,116
290,093	136,210	2,090,453
-	32,913	33,048
-	251,292	251,292
-	43,334	113,107
-	44,001	353,215
290,093	3,571,043	38,824,309
-	68,016	1,623,239
-	1,371,943	10,556,204
-	44,420	10,579,150
-	26,430	4,149,576
-	-	368,716
-	586,518	1,482,976
-	-	289,080
-	-	493,181
-	674,513	1,407,722
-	289,326	331,680
-	400	400
-	132,614	132,614
-	3,194,180	31,414,538
290,093	376,863	7,409,771
-	-	223,126
-	19,305	141,878
-	20,000	20,000
-	-	(20,000)
-	39,305	365,004

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

	General Fund	Grants Fund	Road & Bridge Fund
Net Change in Fund Balances	6,915,643	199,041	(46,170)
Fund Balance - October 1 (Beginning)	20,775,019	17,026	3,322,953
Prior Period Adjustment	(2,279)	-	-
Fund Balance - September 30 (Ending)	<u>\$ 27,688,383</u>	<u>\$ 216,067</u>	<u>\$ 3,276,783</u>

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

Capital Projects	Other Funds	Total Governmental Funds
290,093	416,168	7,774,775
6,540,666	3,915,124	34,570,788
-	-	(2,279)
<u>\$ 6,830,759</u>	<u>\$ 4,331,292</u>	<u>\$ 42,343,284</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$ 7,774,775
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase the change in net position.	5,092,160
The entries required by GASB Statement No. 68 did require that some expenses on Exhibit B-1 be adjusted. Total credits to expense were \$3,256,027 and total debits to expenses were \$2,661,250. The net effect on the change in net position on Exhibit B-1 is an increase of \$594,777.	594,777
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(2,026,145)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.	87,560
Change in Net Position of Governmental Activities	\$ 11,523,127

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

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

EXHIBIT E-1

	Private Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 285,265	\$ 11,505,861
Accounts Receivable, Net	-	513
Total Assets	<u>285,265</u>	<u>11,506,374</u>
LIABILITIES		
Intergovernmental Payable	-	74,070
Due to Other Funds	-	148,365
Due to Others	-	10,114,590
Total Liabilities	<u>-</u>	<u>10,337,025</u>
NET POSITION		
Restricted for Other Purposes	<u>285,265</u>	<u>1,169,349</u>
Total Net Position	<u>\$ 285,265</u>	<u>\$ 1,169,349</u>

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

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

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Licenses and Permits	\$ -	\$ 7,165
Investment Earnings	12,181	200
Other Revenue	-	26,460,195
Total Additions	<u>12,181</u>	<u>26,467,560</u>
DEDUCTIONS:		
Other Operating Costs	<u>6,704</u>	<u>26,653,373</u>
Total Deductions	<u>6,704</u>	<u>26,653,373</u>
Net Change in Fiduciary Net Position	5,477	(185,813)
Total Net Position - October 1 (Beginning)	279,788	1,369,755
Prior Period Adjustment	-	(14,593)
Total Net Position - September 30 (Ending)	<u>\$ 285,265</u>	<u>\$ 1,169,349</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.A. REPORTING ENTITY

The County has developed criteria to determine if the activities of any outside agencies or organizations should be included within its financial statements. The criteria includes the amount of oversight responsibility exercised by the County over the activities of an agency or organization, the scope of public service of an agency or organization, and the nature of any special financing relationships which may exist between the County and an agency or organization. Oversight responsibility includes financial interdependency, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The County's financial statements include all funds over which the County exercises oversight responsibility. Also, the County is not included as a part of any other reporting entity.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The government-wide financial statements include the statement of Net Position and the statement of activities. Government-wide Financial Statements display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Fiduciary activities of the County are not included in these statements.

Amounts reported as program revenues include 1) charges to customers for services provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues. Likewise, general revenues include all taxes.

Fund Financial Statements:

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund, the main operating fund of the County, is always classified as a major fund. It is the primary fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Capital Projects Funds

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure of principal and interest on general long-term debt of the County. Ad valorem taxes are used for the payment of principal and interest on the County's debt.

Fiduciary Funds (Not included in government-wide statements)

Custodial Funds

Custodial funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the County. The County uses custodial funds to account for assets held in an agent capacity for other governments.

Private Purpose Trust Funds

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Major and Nonmajor Funds

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

Major Fund	Brief Description
General Fund	See above for description.
Grants Fund	Accounts for grant proceeds and related expenditures for funds appropriated from the American Rescue Plan Act.
Special Revenue Fund: Road and Bridge	Accounts for all road and bridge construction and maintenance activity.
Capital Projects Fund	Accounts for all activity concerning construction projects.

Nonmajor funds consist of special revenue funds and capital projects funds and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Custodial and Private Purpose Trust Funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

1.D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Investments

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

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

Receivables and Payables

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

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

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

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the General Fund consist of fuel and postage held for consumption. Inventories in the Special Revenue Fund consist of sign machine supplies. The cost of inventories is recorded as expenditures when consumed rather than when purchased.

Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 50
Vehicles	3 - 10
Machinery and Equipment	5 - 15
Infrastructure	5 - 50

Compensated Absences

Vacation pay and sick leave benefits are accrued by County employees according to guidelines set out in the County's personnel policy. The policy allows employees to accumulate vacation, sick leave and overtime within certain limitations. Employees accrue 10 to 18 days of vacation each year (depending upon their length of service) and are allowed to accumulate unused vacation for two years. Unused vacation is paid upon termination or retirement. The County's policy allows for accumulation of up to 480 hours of sick leave, but does not provide for payment of any unused sick leave. The County has adopted a policy of granting compensatory time off in lieu of cash payment for overtime work in compliance with the Fair Labor Standards Act. Accumulated compensatory time is also paid upon termination of employment. The estimated cost of unused vacation and compensatory time is recorded in the accompanying financial statements in the government-wide financial statements.

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt 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.

Equity Classifications

Government-wide Statements

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

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

Fund Statements

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

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

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

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

Net Position

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

Pensions

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

Use of Estimates

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

Deferred Inflows of Resources and Deferred Outflows of Resources

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

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

GASB Statement No. 87, *Leases*

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

Implementation of GASB Statement No. 96

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

1.E. REVENUES, EXPENDITURES AND EXPENSES

Revenues

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

Expenditures/Expenses

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

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

Governmental Funds - by Character: Current (further classified by function)

Debt Service
Capital Outlay

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

Interfund Transfers

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Budgetary Information

Annual budgets, as required by state statute, are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

For each budgeted fund, budgetary control is maintained at the expenditure line-item level. This is the level at which expenditures cannot legally exceed appropriated amounts. The County Auditor is required to monitor the expenditures of the various funds and may make departmental budget transfers within each fund as needed. Any expenditures in excess of the total budgeted amount of a fund must be approved by the Commissioners' Court and the budget appropriately amended. It is the amended budget that is presented in the budget versus actual financial statement disclosure.

Encumbrance accounting, under which funds are reserved for purchase orders, contracts, and other commitments, is not utilized by Gillespie County.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

3.A. DEPOSITS AND INVESTMENTS

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

The County's cash deposits held at banks at September 30, 2023 and during the year ended September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and

capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The County's temporary investments consisted of certificates of deposit and local government investment pools at September 30, 2023 and are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
<u>Certificates of Deposit -</u>				
Texas Regional Bank	\$ 154,088	\$ 154,088	\$ 250,000	\$ -
Security State Bank & Trust	1,088,736	1,088,736	250,000	838,736
Multi-Bank Securities, Inc	2,478,000	2,467,860	2,478,000	-
Financial Northeastern Companies	980,000	973,517	980,000	-
<u>Liquid Asset Portfolio -</u>				
TexPool	3,361,463	3,361,463	*	*
TexasClass	1,674,568	1,674,567	*	*
Total Governmental Activities	<u>\$ 9,736,855</u>	<u>\$ 9,720,231</u>	<u>3,958,000</u>	<u>838,736</u>

- * TexPool and TexasClass are Local Government Investment Pools established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. TexPool and TexasClass are rated AAAM and must maintain a weighted average maturity not to exceed 60 days.

At September 30, 2023, TexPool had a weighted average maturity of 26 days and TexasClass had a weighted average maturity of 49 days. The County considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value. The State Comptroller oversees TexPool and TexasClass, with a third party managing the daily operations of the pool under contract.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the County has adopted a deposit and investment policy. That policy does address the following risks:

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

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

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

3.B. RECEIVABLES

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>TOTAL</u>
Receivables:					
Property Taxes	\$ 454,783	\$ 80,256	\$ 22,991	\$ -	\$ 558,030
Other	41,562	33	-	255	41,850
Intergovernmental	<u>359,603</u>	<u>25,399</u>	<u>-</u>	<u>10,691</u>	<u>395,693</u>
Gross Receivables	\$ 855,948	\$ 105,688	\$ 22,991	\$ 10,946	\$ 995,573
Less: Allowance for Uncollectibles	<u>9,096</u>	<u>1,605</u>	<u>460</u>	<u>-</u>	<u>11,161</u>
Net Total Receivables	<u>\$ 846,852</u>	<u>\$ 104,083</u>	<u>\$ 22,531</u>	<u>\$ 10,946</u>	<u>\$ 984,412</u>

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

General Fund -	
Unavailable Revenue - Property Taxes	\$ 445,687
Unearned Revenue	138,500
Special Revenue Non-Specific Grants Fund -	
Unearned Revenue	3,847,554
Special Revenue Road and Bridge Fund -	
Unavailable Revenue - Property Taxes	78,651
Other Governmental Funds -	
Unavailable Revenue - Property Taxes	22,531
Unearned Revenue	243
TOTAL UNAVAILABLE AND UNEARNED REVENUES	<u>\$ 4,533,166</u>

3.C. COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be \$632,089 which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts, the County has estimated an allowance for uncollectible court fines and fees of \$442,462, resulting in a net receivable of \$189,627.

3.D. PROPERTY TAXES

The County contracted with Gillespie Central Appraisal District for the appraisal of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2022 tax roll, the total assessed valuation was \$8,064,794,824 and the taxes assessed amounted to \$23,374,991. The total tax rate was \$0.3326 per \$100 valuation and allocated \$0.3189 to maintenance and operations and \$0.0137 to interest and sinking funds. The maximum tax levy allowed by State law for the above purposes is \$0.80 per \$100 valuation.

Ad valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Ad valorem taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible within the funds are based upon historical experience in collecting property taxes. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

3.E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

Primary Government

	Balance 10/01/22	Increases	Decreases	Balance 09/30/23
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,149,698	\$	\$	\$ 2,149,698
Easements	585,070			585,070
Construction In Progress	2,921,662	317,627	292,806	2,946,483
Total Capital Assets, Not Being Depreciated	<u>\$ 5,656,430</u>	<u>\$ 317,627</u>	<u>\$ 292,806</u>	<u>\$ 5,681,251</u>
Capital Assets, Being Depreciated:				
Infrastructure	\$ 8,511,842	\$ 2,219,498	\$	\$ 10,731,340
Buildings	25,813,855			25,813,855
Building Improvements	573,516	228,079		801,595
Machinery and Equipment	11,175,583	1,150,779	160,018	12,166,344
Total Capital Assets Being Depreciated	<u>\$ 46,074,796</u>	<u>\$ 3,598,356</u>	<u>\$ 160,018</u>	<u>\$ 49,513,134</u>
Less Accumulated Depreciation:				
Infrastructure	\$ 1,363,732	\$ 258,268	\$	\$ 1,622,000
Buildings	5,177,995	517,317		5,695,312
Building Improvements	174,267	48,078		222,345
Machinery and Equipment	7,967,806	942,502	160,018	8,750,290
Total Accumulated Depreciation	<u>\$ 14,683,800</u>	<u>\$ 1,766,165</u>	<u>\$ 160,018</u>	<u>\$ 16,289,947</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 31,390,996</u>	<u>\$ 1,832,191</u>	<u>\$ -</u>	<u>\$ 33,223,187</u>
Right-to-Use Lease Assets being Amortized				
Equipment	\$ 619,231	\$ 108,252	\$ 57,538	\$ 669,945
SBITA	142,323	33,626	-	175,949
Total Right-to-Use Lease Assets	<u>\$ 761,554</u>	<u>\$ 141,878</u>	<u>\$ 57,538</u>	<u>\$ 845,894</u>
Less Accumulated Amortization:				
Equipment	\$ 187,192	\$ 183,420	\$ 34,134	\$ 336,478
SBITA	-	76,560	-	76,560
Total Accumulated Amortization	<u>\$ 187,192</u>	<u>\$ 259,980</u>	<u>\$ 34,134</u>	<u>\$ 413,038</u>
Total Right-to-Use Lease Assets being Amortized, Net	<u>\$ 574,362</u>	<u>\$ (118,102)</u>	<u>\$ 23,404</u>	<u>\$ 432,856</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,621,788</u>	<u>\$ 2,031,716</u>	<u>\$ 316,210</u>	<u>\$ 39,337,294</u>

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

Governmental Activities:

General Government	\$	631,831
Public Safety		632,305
Judicial		97,004
Road and Bridge		247,795
Health and Sanitation		22,000
Public Facilities		88,534
Libraries and Education		17,272
Agricultural Services		<u>29,424</u>
Total Depreciation Expense -		
Governmental Activities	\$	<u><u>1,766,165</u></u>

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

Governmental Activities:

General Government	\$	105,838
Judicial		11,322
Public Facilities		16,239
Public Safety		69,837
Health and Sanitation		5,911
Road and Bridge		36,145
Libraries and Education		6,491
Agriculture Services		<u>8,197</u>
Total Amortization Expense-		
Governmental Activities		<u><u>259,980</u></u>

3.F. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2023, consisted of the following:

Due to/from other funds

	Due To	Due From
General Fund	\$ -	\$ 149,138
Road & Bridge Fund	763	-
Nonmajor Governmental Funds	10	-
Fiduciary Funds	<u>148,365</u>	<u>-</u>
TOTAL	\$ <u><u>149,138</u></u>	\$ <u><u>149,138</u></u>

These balances result from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund Transfers

	Transfers In	Transfers Out
General Fund	\$ -	\$ 20,000
Nonmajor Governmental Funds	<u>20,000</u>	<u>-</u>
TOTAL	\$ <u><u>20,000</u></u>	\$ <u><u>20,000</u></u>

3.G. LONG-TERM LIABILITIES

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

	Balance 10/01/22	Issued	Retired	Balance 09/30/23	Due Within One Year
General Obligation Bonds – Series 2013	670,000	-	670,000	-	-
General Obligation Refunding Bonds- Series 2021	8,365,000	-	-	8,365,000	700,000
Premium on Bonds:					
General Obligation Bonds Series 2013	27,374	-	27,374	-	-
General Obligation Refunding Bonds- Series 2021	669,740	-	63,785	605,955	-
Finance Purchases Payable	1,435,994	-	540,093	895,901	508,343
Leases Payable	428,937	108,252	177,257	359,932	124,662
SBITA Payable	142,323	33,626	81,633	94,316	80,997
Subtotal	\$ 11,739,368	\$ 141,878	\$ 1,560,142	\$ 10,321,104	\$ 1,414,002
Compensated Absences	359,942	335,081	285,548	409,475	-
TOTAL	\$ 12,099,310	\$ 476,959	\$ 1,845,690	\$ 10,730,579	\$ 1,414,002

General Obligation Bonds	Balance at 9/30/2023	Due Within One Year
General Obligation Refunding Bonds – Series 2021		
Original issue amount \$8,425,000, interest rates of 1.98% to 4.0%,		
With final maturity date February 15, 2033	8,365,000	700,000
TOTAL BONDS PAYABLE	\$ 8,365,000	\$ 700,000

Long Term Debt Advance Refunding

On April 1, 2021 the County issued \$8,425,000 of refunding bonds (Gillespie County, Texas General Obligation Refunding Bonds, Series 2021) to finance the \$8,420,000 of the callable obligations from the County's Series 2013 General Obligation Bonds. The bonds were called and were redeemed by depositing \$9,190,417 into an escrow account on April 1, 2021. The financial gain on these refunding bonds was \$707,287 and the economic gain was \$637,621. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 9/30/2023
General Obligation Bonds - Series 2013	\$ 8,420,000	\$ 8,420,000
Total Amount Refunded	\$ 8,420,000	\$ 8,420,000

General Obligation Refunding Bonds

On April 1, 2021, the County issued \$8,425,000 General Obligation Refunding Bonds, Series 2021 for partial refunding of the General Obligation Bonds, Series 2013. The bonds mature on February 15 in each of the years 2024 thru 2033, bearing interest at rates from 1.98% to 4.0%. These bonds are liquidated by the debt service fund.

Debt service requirements for the General Obligation Refunding Bonds – Series 2021 are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2024	700,000	261,624	961,624
2025	725,000	233,124	958,124
2026	760,000	203,424	963,424
2027	795,000	172,324	967,324
2028	825,000	139,924	964,924
2029-2033	4,560,000	259,158	4,819,158
TOTAL	\$ 8,365,000	\$ 1,269,578	\$ 9,634,578

Finance Purchases Payable

In October 2014, the County executed a \$576,301 finance purchase obligation with Government Capital – Extraco Bank for the purchase of two LCRA radio sites and mobile radios. The finance contract is due in 120 monthly installments of \$5,714 until 10/28/2024, with an interest rate of 3.548%.

In October 2017, Gillespie County executed a \$817,515 finance purchase obligation with Government Capital Corporation- Southside Bank for the purchase of three 2018 Peterbilt 337 Dump Trucks, a 2017 John Deere 310L Backhoe, a Noram 65E Motorgrader, and a 2017 Distributor Truck. The finance contract is dated October 9, 2017 and is due in eighty-four monthly installments of \$11,102.96 until 12/15/2024, with an interest rate of 3.724%.

In March 2019, Gillespie County executed a \$559,098 finance purchase obligation with Government Capital Corporation- Southside Bank for purchase of various road equipment. The finance contract is dated March 11, 2019 and is due in sixty monthly installments of \$10,361.15 until 4/1/2024, with an interest rate of 4.198%.

In November 2019, the County executed a \$541,031 finance purchase obligation with Government Capital- Southside Bank for the purchase of various equipment. The finance contract is due in sixty monthly installments of \$9,929.96 until 1/15/2025, with an interest rate of 3.635%.

In June 2021, the County executed a \$184,625 finance purchase obligation with Government Capital- Mineola Community Bank for the purchase of a loader and related equipment. The finance contract is due in sixty monthly installments of \$3,355.07 until 9/1/2026, with an interest rate of 3.238%.

In January 2022, the County executed a \$444,134 finance purchase obligation with Government Capital- Southside Bank for the purchase of a motor grader, dump truck and skid steer. The finance contract is due in sixty monthly installments of \$8,018.03 until 3/1/2027, with an interest rate of 2.998%.

Finance purchases are paid from the general and special revenue funds. A summary of the future minimum lease payments under the lease along with the present value of the minimum lease payments as of September 30, 2023 follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2024	508,343	21,626	529,969
2025	207,039	8,181	215,220
2026	132,829	3,648	136,477
2027	47,690	418	48,108
TOTAL	\$ 895,901	\$ 33,873	\$ 929,774

Leases Payable

The County has entered into multiple agreements that are considered “right to use” leases. The leases are for County equipment (postage machine, copier, radars, and vehicles).

Leases payable are paid from the general and special revenue funds. Annual requirements to amortize leases payable and related interest are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2024	124,662	5,192	129,854
2025	111,147	3,489	114,636
2026	71,902	1,891	73,793
2027	49,753	621	50,374
2028	2,468	12	2,480
TOTAL	\$ 359,932	\$ 11,205	\$ 371,137

Subscription-Based Information Technology Arrangements Payable

The County has entered into multiple subscription agreements that are considered “right to use” subscription. The subscriptions are for County software.

SBITAs payable are paid from the general and special revenue funds. Annual requirement to amortize subscription-based information technology arrangements payable and related interest are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2024	80,997	2,711	83,708
2025	11,584	262	11,846
2026	1,735	8	1,743
TOTAL	\$ 94,316	\$ 2,981	\$ 97,297

3.H. CLAIMS AND CONTINGENT LIABILITIES

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

The County is currently involved in one pending litigation suit and is subject to other various

litigation and claims arising out of the normal course of operations. Although the outcome of this claim is not presently determinable, in the opinion County management, the resolution of this matter will not have a material adverse effect on the County's financial position. Therefore, no provision for any liability, if any, has been made in the accompanying financial statements.

3.I. RISK MANAGEMENT

Gillespie County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers' compensation.

The County contracted with USI Southwest, Inc. to provide the aforementioned types of insurance coverage through OneBeacon Insurance Group, LLC.

Gillespie County also provides a Blanket Accident Insurance Policy for Emergency Service Organizations covering the Gillespie County Rural Volunteer Departments; a property and liability insurance policy covering Gillespie County Rural Schools; a liability policy covering the Gillespie County Airport; and a Crime Policy through commercial insurance carriers.

3.J. HEALTH INSURANCE

The County provides group medical and basic life insurance coverage for full-time employees through the Texas Association of Counties (TAC). The county pays the premiums for these eligible employees. Employees, at their options, may authorize payroll withholdings to pay premiums for eligible family members or for other supplemental coverage.

3. K. EMPLOYEE RETIREMENT PLAN

Plan Description

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

- a. Gillespie County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 235%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Gillespie County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2022 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, TCDRS.org/Employer.

Members covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	116
Inactive employees entitled to but not yet receiving benefits	117
Active employees	<u>168</u>
	401

Contributions

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements fund each employer's plan: employee deposits, employer contributions and investment income.

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

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

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

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

The contribution rate payable by the employee members for calendar year 2022 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2023 were \$1,484,110 and were more than the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percent of pay) (1)
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smooth Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and .5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost of Living Adjustments	Cost-of-Living Adjustments for Gillespie County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scaled after 2010.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Adjustment for Plans with the Partial-Lump Sum Payment Option	The termination rate is 0% for the two years immediately prior to retirement eligibility. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option was available.

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

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

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

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

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

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3% per Cliffwater's 2023 capital market assumptions.

(3) Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

(5) Includes vintage year 2006 – present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. 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 pensions 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 Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2021	\$ 40,079,678	\$ 45,730,902	\$ (5,651,224)
Changes for the Year:			
Service Cost	1,345,233		1,345,233
Interest on Total Pension Liability ⁽¹⁾	3,075,273		3,075,273
Effect of Plan Changes ⁽²⁾	-		-
Effects of Economic/Demographic Gains or Losses	78,667		78,667
Effect of Assumptions Changes or Inputs	-		-
Refund of Contributions	(82,505)	(82,505)	-
Benefit Payments	(1,874,919)	(1,874,919)	-
Administrative Expenses		(25,231)	25,231
Member Contributions		620,146	(620,146)
Net Investment Income		(2,680,099)	2,680,099
Employer Contributions		1,328,883	(1,328,883)
Other ⁽³⁾		37,035	(37,035)
Balances as of December 31, 2022	\$ 42,621,426	\$ 43,054,212	\$ (432,784)

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

⁽²⁾ No plan changes valued.

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

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total Pension Liability	\$ 47,943,756	\$ 42,621,427	\$ 38,130,743
Fiduciary Net Position	43,054,211	43,054,211	43,054,211
Net Pension Liability/(Asset)	\$ 4,889,545	\$ (432,784)	\$ (4,923,468)

Pension Expense / (Income)

<u>Prepaid Expense/(Income)</u>	<u>January 1, 2022 to December 31, 2022</u>
Service Cost	\$ 1,345,233
Interest on Total Pension Liability ⁽¹⁾	3,075,273
Effect of Plan Changes	-
Administrative Expenses	25,231
Member Contributions	(620,146)
Expected Investment Return Net of Investment Expenses	(3,475,676)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(12,878)
Recognition of Assumption Changes or Inputs	471,349
Recognition of Investment Gains or Losses	117,981
Other ⁽²⁾	(37,035)
Pension Expense/(Income)	<u>\$ 889,333</u>

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

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

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

<u>Deferred Inflows / Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 63,125	\$ 80,945
Changes of assumptions	55,441	499,068
Net difference between projected and actual earnings	-	954,825
Contributions made subsequent to measurement date ⁽³⁾	N/A	1,155,586

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

<u>Year Ended December 31</u>	
2023	\$ (16,951)
2024	12,094
2025	174,239
2026	1,246,890
2027	-
Thereafter ⁽⁴⁾	-

⁽³⁾ Employer contributions made subsequent to the measurement date through the employer's fiscal year end.

⁽⁴⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Payables to the pension plan. None as of September 30, 2023.

3.L. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Retired County employees and their dependents are eligible to elect continued coverage under the County's healthcare program upon retirement if they were carrying the healthcare coverage at the time of their retirement and they have at least 8 years of continuous service upon retirement with the County. The County currently contributes 50% (or up to \$100/month) of the premium charged for such benefits for qualifying retirees. The County does not contribute any amount for continued dependent coverage. The Commissioners' Court, as the governing body of the County, approves such Other Postemployment Benefits (OPEB) on a year-to-year basis during the annual budget process and has not created a constitutionally valid obligation for OPEB beyond fiscal year 2023. As of September 30, 2023, there are 18 retirees who qualify for the \$100/month OPEB benefit. The cost of OPEB for the year ended September 30, 2023 was \$22,300 and the amount projected to be incurred in the year ending September 30, 2024 is \$21,600.

Governmental Accounting Standards Board (GASB) Statement No. 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions) establishes accounting and financial reporting for OPEB that are provided to the employees of state and local governmental employers. For purposes of projecting benefit payments, this Statement carries forward from Statement 45 a requirement to consider the established pattern of sharing benefit-related costs with benefit recipients. Since the Commissioners' Court (governing body of the County) approves the other postemployment benefit (OPEB) on a year to year basis during the annual budget process and has not created a constitutionally valid obligation beyond the current budget period, the provisions of GASB No. 75 do not apply for recognition of the total OPEB liability, deferred inflows/outflows of resources, and total OPEB expense.

3.M. DEFERRED COMPENSATION PLAN

The County offers all its employees deferred compensation programs through Nationwide Retirement Solutions, Inc. and the Variable Annuity Life Insurance Company (VALIC). The plan, created in accordance with Internal Revenue Code Section 457(B), permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County, subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

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

At September 30, 2023, the participant balances were \$195,808 in Nationwide and \$59,679 in VALIC.

3.N. LEASE RECEIVABLE

On January 1, 2021, the County entered into a 36 month lease as Lessor for the use of 1906 N. Llano. On October 1, 2021, an initial lease receivable was recorded in the amount of \$154,449. As of September 30, 2023, the value of the lease receivable is \$17,200. The lessee is required to make monthly fixed payments of \$5,736. The lease has an interest rate of 0.2480%. The value of the deferred inflow of resources as of September 30, 2023 was \$17,161 and the County recognized lease revenue of \$68,693 during the fiscal year.

On September 1, 2020, the County entered into a five year land lease as Lessor. On October 1, 2021, an initial lease receivable was recorded in the amount of \$59,528. As of September 30, 2023, the value of the lease receivable is \$45,130. The lessee is required to make monthly fixed payments of \$7,841. The lease has an interest rate of 1.2003%. The value of deferred inflow of resources as of September 30, 2023 was \$46,176 and the County recognized lease revenue of \$7,213 during the fiscal year. The lessee has one extension option for 60 months.

On August 1, 2022, the County entered into 50 year lease as lessor for the use of Gillespie County Business Park. An initial lease receivable was recorded in the amount of \$932,399. As of September 30, 2023, the value of the lease receivable is \$921,505. The lessee is required to make monthly payments of \$3,277. The lease has an interest rate of 3.4890%. The value of the deferred inflow of resources as of September 30, 2023 was \$913,844 and the County recognized lease revenue of \$7,041 during the fiscal year. The lessee has two extension options, each for 120 months.

3.O. PRIOR PERIOD ADJUSTMENT

The County implemented the provision of GASB Statement No. 84, Fiduciary Activities. This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with custodial funds. Under this guidance, fiduciary funds will now report a net position and a statement of changes in net position.

GASB Statement No. 84 required a restatement of net position for the fiduciary funds of \$14,593. This adjustment was needed to adjust the Guardianship accounts in the District Clerk's Fund.

	Custodial Funds
Prior Year Net Position	1,369,755
GASB 84 Adjustments-	
Record Custodial Funds	\$ 14,593
As Restated- Fund Balance/ Net Position	<u>\$ 1,355,162</u>

A prior period adjustment was required in the general fund for expenditures that occurred in 2020 but were not billed until this fiscal year. The prior period adjustment restate the general fund's beginning fund balance from \$20,775,019 to \$20,772,740.

3.P RELATED PARTIES

The County purchases automotive parts from Stroeher & Olfers, Inc and fuel from Stroeher & Son, Inc. Both companies are partially owned by a county commissioner's father. As of September 30, 2023, the County had paid \$57,738 to Stroeher & Son, Inc and \$30,460 to Stroeher & Olfers, Inc.

During the year, the County purchased \$25,992 of road and bridge materials and supplies from Rode's Iron & Pipe Yard. The company is owned and operated by a road and bridge department head's father and uncle. As of September 30, 2023, the County had an unpaid claim to the company of \$20,506. The \$20,506 purchase did not follow the County purchasing policy and was not competitively procured.

3Q. SUBSEQUENT EVENTS

The County has evaluated subsequent events through May 13, 2024, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 18,816,440	\$ 18,816,440	\$ 18,990,107	\$ 173,667
General Sales and Use Taxes	4,000,000	4,000,000	4,569,501	569,501
Other Taxes	201,500	201,500	422,347	220,847
Penalty and Interest on Taxes	95,000	95,000	133,922	38,922
Licenses and Permits	56,000	56,000	169,795	113,795
Intergovernmental Revenue and Grants	333,220	465,281	828,766	363,485
Charges for Services	1,549,751	1,549,751	1,993,743	443,992
Fines	51,000	51,000	97,305	46,305
Investment Earnings	50,000	50,000	1,266,859	1,216,859
Interest Revenue - Leases	-	-	135	135
Lease Revenue	70,000	70,000	69,773	(227)
Other Revenue	54,500	57,000	297,166	240,166
Total Revenues	25,277,411	25,411,972	28,839,419	3,427,447
EXPENDITURES:				
Current:				
General Government:				
Judicial	1,703,577	1,695,800	1,555,223	140,577
General Administration	9,811,023	9,629,496	7,789,711	1,839,785
Public Safety	11,356,486	11,437,437	10,534,730	902,707
Public Works:				
Health and Sanitation	2,552,696	2,546,530	368,716	2,177,814
Public Facilities	1,137,419	1,149,112	896,458	252,654
Libraries and Education	386,361	379,418	289,080	90,338
Agriculture Services	544,327	542,758	493,181	49,577
Debt Service:				
Principal on Debt	-	220,748	220,752	(4)
Interest on Debt	-	4,577	4,574	3
Total Expenditures	27,491,889	27,605,876	22,152,425	5,453,451
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,214,478)	(2,193,904)	6,686,994	8,880,898
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	126,076	126,076
Proceeds from Right-to-Use Leases	-	-	122,573	122,573
Transfers Out	(20,000)	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	(20,000)	(20,000)	228,649	248,649
Net Change	(2,234,478)	(2,213,904)	6,915,643	9,129,547
Fund Balance - October 1 (Beginning)	20,775,019	20,775,019	20,775,019	-
Prior Period Adjustment	-	-	(2,279)	(2,279)
Fund Balance - September 30 (Ending)	\$ 18,540,541	\$ 18,561,115	\$ 27,688,383	\$ 9,127,268

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

GILLESPIE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NON-SPECIFIC GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ 2,621,052	\$ 2,621,052	\$ 1,394,550	\$ (1,226,502)
Investment Earnings	5,500	5,500	199,041	193,541
Total Revenues	2,626,552	2,626,552	1,593,591	(1,032,961)
EXPENDITURES:				
Current:				
General Administration	5,259,125	5,259,125	1,394,550	3,864,575
Total Expenditures	5,259,125	5,259,125	1,394,550	3,864,575
Change in Fund Balance	(2,632,573)	(2,632,573)	199,041	2,831,614
Fund Balance - October 1 (Beginning)	17,026	17,026	17,026	-
Fund Balance - September 30 (Ending)	\$ (2,615,547)	\$ (2,615,547)	\$ 216,067	\$ 2,831,614

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

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

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 3,322,901	\$ 3,322,901	\$ 3,351,195	\$ 28,294
Penalty and Interest on Taxes	18,000	18,000	23,633	5,633
Licenses and Permits	600,000	600,000	747,468	147,468
Fines	105,100	105,100	197,569	92,469
Investment Earnings	10,900	10,900	198,250	187,350
Other Revenue	1,500	1,500	12,048	10,548
Total Revenues	4,058,401	4,058,401	4,530,163	471,762
EXPENDITURES:				
Public Works:				
Road and Bridges	6,462,981	6,448,570	4,123,146	2,325,424
Debt Service:				
Principal on Debt	562,100	575,665	512,457	63,208
Interest on Debt	59,040	59,886	37,780	22,106
Total Expenditures	7,084,121	7,084,121	4,673,383	2,410,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,025,720)	(3,025,720)	(143,220)	2,882,500
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	97,050	97,050
Proceeds from Right-to-Use Leases	471,000	471,000	-	(471,000)
Total Other Financing Sources (Uses)	471,000	471,000	97,050	(373,950)
Change in Fund Balance	(2,554,720)	(2,554,720)	(46,170)	2,508,550
Fund Balance - October 1 (Beginning)	3,322,953	3,322,953	3,322,953	-
Fund Balance - September 30 (Ending)	\$ 768,233	\$ 768,233	\$ 3,276,783	\$ 2,508,550

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

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 1,345,233	\$ 1,402,230	\$ 1,199,483
Interest (on the Total Pension Liability)	3,075,273	2,889,013	2,698,813
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	78,667	36,021	(7,778)
Changes of Assumptions	-	(110,884)	1,996,278
Benefit Payments, Including Refunds of Employee Contributions	(1,957,424)	(1,468,698)	(1,322,254)
Net Change in Total Pension Liability	\$ 2,541,749	\$ 2,747,682	\$ 4,564,542
Total Pension Liability - Beginning	40,079,678	37,331,996	32,767,454
Total Pension Liability - Ending	\$ 42,621,427	\$ 40,079,678	\$ 37,331,996
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 1,328,883	\$ 1,297,319	\$ 1,294,120
Contributions - Employee	620,146	605,415	603,922
Net Investment Income	(2,680,099)	8,198,963	3,421,616
Benefit Payments, Including Refunds of Employee Contributions	(1,957,424)	(1,468,698)	(1,322,254)
Administrative Expense	(25,231)	(24,741)	(27,147)
Other	37,035	22,514	20,319
Net Change in Plan Fiduciary Net Position	\$ (2,676,690)	\$ 8,630,772	\$ 3,990,576
Plan Fiduciary Net Position - Beginning	45,730,902	37,100,130	33,109,554
Plan Fiduciary Net Position - Ending	\$ 43,054,212	\$ 45,730,902	\$ 37,100,130
C. Net Pension Liability (Asset)	\$ (432,785)	\$ (5,651,224)	\$ 231,866
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.02%	114.10%	99.38%
E. Covered Payroll	\$ 8,859,221	\$ 8,648,786	\$ 8,627,464
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	(4.89%)	(65.34%)	2.69%

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

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 1,063,754	\$ 997,761	\$ 899,249	\$ 896,841	\$ 785,760	\$ 632,865
2,532,025	2,348,001	2,167,752	2,012,203	1,858,411	1,670,406
-	143,582	-	-	15,653	112,591
(305,918)	127,557	46,678	(447,913)	(67,466)	522,846
-	-	253,577	-	240,999	-
(1,409,014)	(1,412,889)	(1,074,644)	(928,859)	(800,297)	(727,591)
\$ 1,880,847	\$ 2,204,012	\$ 2,292,612	\$ 1,532,272	\$ 2,033,060	\$ 2,211,117
30,886,607	28,682,594	26,389,982	24,857,710	22,824,650	20,613,533
\$ 32,767,454	\$ 30,886,606	\$ 28,682,594	\$ 26,389,982	\$ 24,857,710	\$ 22,824,650
\$ 1,219,781	\$ 1,111,374	\$ 1,038,533	\$ 997,228	\$ 883,020	\$ 795,145
569,232	518,640	484,648	465,375	412,076	371,068
4,617,434	(527,469)	3,573,745	1,662,016	(112,177)	1,373,943
(1,409,014)	(1,412,889)	(1,074,644)	(928,859)	(800,297)	(727,591)
(25,231)	(22,586)	(18,916)	(18,103)	(16,042)	(16,254)
17,622	9,326	5,833	(204,441)	50,041	134,709
\$ 4,989,824	\$ (323,604)	\$ 4,009,199	\$ 1,973,216	\$ 416,621	\$ 1,931,018
28,119,729	28,443,332	24,434,133	22,460,917	22,044,297	20,113,278
\$ 33,109,553	\$ 28,119,728	\$ 28,443,332	\$ 24,434,133	\$ 22,460,918	\$ 22,044,296
\$ (342,099)	\$ 2,766,878	\$ 239,262	\$ 1,955,849	\$ 2,396,792	\$ 780,353
101.04%	91.04%	99.17%	92.59%	90.36%	96.58%
\$ 8,131,886	\$ 7,409,148	\$ 6,923,537	\$ 6,648,208	\$ 5,886,800	\$ 5,300,965
(4.21%)	37.34%	3.46%	29.42%	40.71%	14.72%

GILLESPIE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2013	525,243	737,012	(211,769)	4,913,407	15.00%
2014	571,974	795,145	(223,171)	5,300,965	15.00%
2015	664,031	883,020	(218,989)	5,886,800	15.00%
2016	771,192	997,228	(226,036)	6,648,208	15.00%
2017	769,205	1,038,533	(269,328)	6,923,537	15.00%
2018	797,224	1,111,374	(314,149)	7,409,148	15.00%
2019	872,551	1,219,781	(347,229)	8,131,886	15.00%
2020	928,315	1,294,120	(365,805)	8,627,464	15.00%
2021	844,122	1,297,319	(453,197)	8,648,786	15.00%
2022	1,041,844	1,328,883	(287,039)	8,859,221	15.00%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

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

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	2.9 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
	2019: New inflation, mortality and other assumptions were reflected.
	2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that the current service matching rate was increased to 200%.
	2016: Employer contributions reflect that the current service matching rate was increased to 225%.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.
	2019: Employer contributions reflect that the current service matching rate was increased to 235% for future benefits.
	2020: No changes in plan provisions were reflected in the Schedule.
	2021: No changes in plan provisions were reflected in the Schedule.
	2022: No changes in plan provisions were reflected in the Schedule.

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

SUPPLEMENTARY INFORMATION

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

	20 Law Library Fund	21 Lateral Road Fund	24 Probate Training Fund
ASSETS			
Cash and Cash Equivalents	\$ 38,956	\$ 25	\$ 7,561
Taxes Receivable	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-
Accounts Receivable, Net	-	-	-
Due from Other Governments	-	-	-
Total Assets	<u>\$ 38,956</u>	<u>\$ 25</u>	<u>\$ 7,561</u>
LIABILITIES			
Accounts Payable	\$ 535	\$ -	\$ -
Wages and Salaries Payable	-	-	-
Due to Other Funds	-	-	-
Due to Others	-	-	-
Unearned Revenues	-	-	-
Total Liabilities	<u>535</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	38,421	25	7,561
Total Fund Balances	<u>38,421</u>	<u>25</u>	<u>7,561</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 38,956</u>	<u>\$ 25</u>	<u>\$ 7,561</u>

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

25 Court Reporter Service Fund	26 Guardianship Fund	28 County Records Management	29 County Clerk Records Management	30 Sheriff Seizure Fund	31 Justice Courthouse Security	32 Courthouse Security Fund	33 County Clerk Archive Fund
\$ 26,050	\$ 58,559	\$ 85,857	\$ 190,639	\$ 98,102	\$ 6,540	\$ 162,958	\$ 179,244
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 26,050</u>	<u>\$ 58,559</u>	<u>\$ 85,857</u>	<u>\$ 190,639</u>	<u>\$ 98,102</u>	<u>\$ 6,540</u>	<u>\$ 162,958</u>	<u>\$ 179,244</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,881	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>26,050</u>	<u>58,559</u>	<u>85,857</u>	<u>190,639</u>	<u>93,221</u>	<u>6,540</u>	<u>162,958</u>	<u>179,244</u>
<u>26,050</u>	<u>58,559</u>	<u>85,857</u>	<u>190,639</u>	<u>93,221</u>	<u>6,540</u>	<u>162,958</u>	<u>179,244</u>
<u>\$ 26,050</u>	<u>\$ 58,559</u>	<u>\$ 85,857</u>	<u>\$ 190,639</u>	<u>\$ 98,102</u>	<u>\$ 6,540</u>	<u>\$ 162,958</u>	<u>\$ 179,244</u>

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

	34 District Clerk Records Management	35 County & District Court Tech	36 Hotel Occupancy Tax	37 Pretrial Intervention Fund
ASSETS				
Cash and Cash Equivalents	\$ 18,696	\$ 43,182	\$ 2,180,558	\$ 168,673
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Accounts Receivable, Net	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 18,696</u>	<u>\$ 43,182</u>	<u>\$ 2,180,558</u>	<u>\$ 168,673</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Others	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Capital Acquisition and Contractual Obligation	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Other Restricted Fund Balance	18,696	43,182	2,180,558	168,673
Total Fund Balances	<u>18,696</u>	<u>43,182</u>	<u>2,180,558</u>	<u>168,673</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 18,696</u>	<u>\$ 43,182</u>	<u>\$ 2,180,558</u>	<u>\$ 168,673</u>

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

40 Sheriff Equitable Sharing	41 Elections Admin Fund	42 Elections HAVA Grant Fund	45 County Jury Fund	46 County Specialty Court	47 Local Truancy P&D Fund	48 Language Access Fund	49 Court Facility Fund
\$ -	\$ 8,082	\$ -	\$ 10,773	\$ 17,805	\$ 20,825	\$ 4,275	\$ 19,020
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 8,082</u>	<u>\$ -</u>	<u>\$ 10,773</u>	<u>\$ 17,805</u>	<u>\$ 20,825</u>	<u>\$ 4,275</u>	<u>\$ 19,020</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	8,082	-	10,773	17,805	20,825	4,275	19,020
<u>-</u>	<u>8,082</u>	<u>-</u>	<u>10,773</u>	<u>17,805</u>	<u>20,825</u>	<u>4,275</u>	<u>19,020</u>
<u>\$ -</u>	<u>\$ 8,082</u>	<u>\$ -</u>	<u>\$ 10,773</u>	<u>\$ 17,805</u>	<u>\$ 20,825</u>	<u>\$ 4,275</u>	<u>\$ 19,020</u>

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

	50 Homeland Security Grant	51 Justice Court Technology	54 Pioneer Memorial Library Grant	72 Airport Operating Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 32,974	\$ -	\$ 718,502
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Accounts Receivable, Net	-	-	-	-
Due from Other Governments	-	-	-	10,691
Total Assets	<u>\$ -</u>	<u>\$ 32,974</u>	<u>\$ -</u>	<u>\$ 729,193</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 8,395
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	10
Due to Others	-	-	-	-
Unearned Revenues	-	-	-	243
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,648</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Capital Acquisition and Contractual Obligation	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Other Restricted Fund Balance	-	32,974	-	720,545
Total Fund Balances	<u>-</u>	<u>32,974</u>	<u>-</u>	<u>720,545</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 32,974</u>	<u>\$ -</u>	<u>\$ 729,193</u>

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

EXHIBIT H-1 (Cont'd)

78 LEOSE Training Fund	80 County Attorney Hot Check Fund	81 Tax Assessor- MVI Fund	83 Appellate Judicial System	84 Alternative Dispute Resolution	93 Sheriff Abandoned Vehicle Fund	Total Nonmajor Special Revenue Funds	53 Interest & Sinking Fund
\$ 21,632	\$ 17,146	\$ 107	\$ 803	\$ 2,713	\$ -	\$ 4,140,257	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	255	-	-	255	-
-	-	-	-	-	-	10,691	-
<u>\$ 21,632</u>	<u>\$ 17,146</u>	<u>\$ 107</u>	<u>\$ 1,058</u>	<u>\$ 2,713</u>	<u>\$ -</u>	<u>\$ 4,151,203</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 1,058	\$ 2,713	\$ -	\$ 17,582	\$ -
-	57	-	-	-	-	57	-
-	-	-	-	-	-	10	-
-	4,288	-	-	-	-	4,288	-
-	-	-	-	-	-	243	-
<u>-</u>	<u>4,345</u>	<u>-</u>	<u>1,058</u>	<u>2,713</u>	<u>-</u>	<u>22,180</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21,632	12,801	107	-	-	-	4,129,023	-
<u>21,632</u>	<u>12,801</u>	<u>107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,129,023</u>	<u>-</u>
<u>\$ 21,632</u>	<u>\$ 17,146</u>	<u>\$ 107</u>	<u>\$ 1,058</u>	<u>\$ 2,713</u>	<u>\$ -</u>	<u>\$ 4,151,203</u>	<u>\$ -</u>

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

	62	Total	61	71
	GOB Series	Nonmajor	GOB Series	Airport
	2013 Interest	Debt Service	2013 Jail	Capital
	& Sinking	Funds	Project	Projects
ASSETS				
Cash and Cash Equivalents	\$ 178,560	\$ 178,560	\$ 23,694	\$ 15
Taxes Receivable	22,991	22,991	-	-
Allowance for Uncollectible Taxes (credit)	(460)	(460)	-	-
Accounts Receivable, Net	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 201,091</u>	<u>\$ 201,091</u>	<u>\$ 23,694</u>	<u>\$ 15</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Others	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	22,531	22,531	-	-
Total Deferred Inflows of Resources	<u>22,531</u>	<u>22,531</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Capital Acquisition and Contractual Obligation	-	-	23,694	15
Retirement of Long-Term Debt	178,560	178,560	-	-
Other Restricted Fund Balance	-	-	-	-
Total Fund Balances	<u>178,560</u>	<u>178,560</u>	<u>23,694</u>	<u>15</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 201,091</u>	<u>\$ 201,091</u>	<u>\$ 23,694</u>	<u>\$ 15</u>

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

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 23,709	\$ 4,342,526
-	22,991
-	(460)
-	255
-	10,691
<u>\$ 23,709</u>	<u>\$ 4,376,003</u>
\$ -	\$ 17,582
-	57
-	10
-	4,288
-	243
<u>-</u>	<u>22,180</u>
-	22,531
<u>-</u>	<u>22,531</u>
23,709	23,709
-	178,560
-	4,129,023
<u>23,709</u>	<u>4,331,292</u>
<u>\$ 23,709</u>	<u>\$ 4,376,003</u>

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

	20 Law Library Fund	21 Lateral Road Fund	24 Probate Training Fund
REVENUES:			
Taxes:			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Penalty and Interest on Taxes	-	-	-
Intergovernmental Revenue and Grants	-	26,430	-
Charges for Services	19,667	-	-
Fines	-	-	-
Forfeits	-	-	-
Investment Earnings	-	-	-
Interest Revenue - Leases	-	-	-
Rents and Royalties	-	-	-
Lease Revenue	-	-	-
Other Revenue	-	-	1,520
Total Revenues	<u>19,667</u>	<u>26,430</u>	<u>1,520</u>
EXPENDITURES:			
Current:			
General Government:			
Judicial	40,441	-	-
General Administration	-	-	676
Public Safety	-	-	-
Public Works:			
Road and Bridges	-	26,430	-
Public Facilities	-	-	-
Debt Service:			
Principal on Debt	4,513	-	-
Interest on Debt	302	-	-
Other Debt Service	-	-	-
Capital Outlay:			
Capital Outlay	-	-	-
Total Expenditures	<u>45,256</u>	<u>26,430</u>	<u>676</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,589)</u>	<u>-</u>	<u>844</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Right-to-Use Leases	19,305	-	-
Transfers In	20,000	-	-
Total Other Financing Sources (Uses)	<u>39,305</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	13,716	-	844
Fund Balance - October 1 (Beginning)	<u>24,705</u>	<u>25</u>	<u>6,717</u>
Fund Balance - September 30 (Ending)	<u>\$ 38,421</u>	<u>\$ 25</u>	<u>\$ 7,561</u>

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

25 Court Reporter Service Fund	26 Guardianship Fund	28 County Records Management	29 County Clerk Records Management	30 Sheriff Seizure Fund	31 Justice Courthouse Security	32 Courthouse Security Fund	33 County Clerk Archive Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,549	6,565	22,336	84,494	-	-	26,874	79,572
-	-	-	-	-	2,502	-	-
-	-	-	-	81,116	-	-	-
-	-	-	-	3,826	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,549	6,565	22,336	84,494	84,942	2,502	26,874	79,572
2,120	-	-	-	-	-	-	-
-	-	6,750	81,968	-	4,891	-	69,441
-	-	-	-	39,468	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,120	-	6,750	81,968	39,468	4,891	-	69,441
12,429	6,565	15,586	2,526	45,474	(2,389)	26,874	10,131
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,429	6,565	15,586	2,526	45,474	(2,389)	26,874	10,131
13,621	51,994	70,271	188,113	47,747	8,929	136,084	169,113
\$ 26,050	\$ 58,559	\$ 85,857	\$ 190,639	\$ 93,221	\$ 6,540	\$ 162,958	\$ 179,244

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

	34 District Clerk Records Management	35 County & District Court Tech	36 Hotel Occupancy Tax	37 Pretrial Intervention Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	1,338,418	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	5	1,049	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	-	85,777	-
Interest Revenue - Leases	-	-	-	-
Rents and Royalties	-	-	-	-
Lease Revenue	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>5</u>	<u>1,049</u>	<u>1,424,195</u>	<u>-</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	-	-	1,208,217	-
Public Safety	-	-	-	-
Public Works:				
Road and Bridges	-	-	-	-
Public Facilities	-	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Other Debt Service	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,208,217</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5</u>	<u>1,049</u>	<u>215,978</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Right-to-Use Leases	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	5	1,049	215,978	-
Fund Balance - October 1 (Beginning)	<u>18,691</u>	<u>42,133</u>	<u>1,964,580</u>	<u>168,673</u>
Fund Balance - September 30 (Ending)	<u>\$ 18,696</u>	<u>\$ 43,182</u>	<u>\$ 2,180,558</u>	<u>\$ 168,673</u>

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

40 Sheriff Equitable Sharing	41 Elections Admin Fund	42 Elections HAVA Grant Fund	45 County Jury Fund	46 County Specialty Court	47 Local Truancy P&D Fund	48 Language Access Fund	49 Court Facility Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	5,959	5,242	6,647	2,445	11,160
-	-	-	-	-	-	-	-
-	217	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,268	-	-	-	-	-	-
-	5,485	-	5,959	5,242	6,647	2,445	11,160
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,485	-	5,959	5,242	6,647	2,445	11,160
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,485	-	5,959	5,242	6,647	2,445	11,160
-	2,597	-	4,814	12,563	14,178	1,830	7,860
\$ -	\$ 8,082	\$ -	\$ 10,773	\$ 17,805	\$ 20,825	\$ 4,275	\$ 19,020

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

	50 Homeland Security Grant	51 Justice Court Technology	54 Pioneer Memorial Library Grant	72 Airport Operating Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	24,487
Charges for Services	-	5,926	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	29,917
Interest Revenue - Leases	-	-	-	32,913
Rents and Royalties	-	-	-	251,292
Lease Revenue	-	-	-	43,334
Other Revenue	-	-	-	37,213
Total Revenues	-	5,926	-	419,156
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	15,519	-	-
General Administration	-	-	-	-
Public Safety	-	-	-	-
Public Works:				
Road and Bridges	-	-	-	-
Public Facilities	-	-	-	273,335
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Other Debt Service	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	-	15,519	-	273,335
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(9,593)	-	145,821
OTHER FINANCING SOURCES (USES):				
Proceeds from Right-to-Use Leases	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(9,593)	-	145,821
Fund Balance - October 1 (Beginning)	-	42,567	-	574,724
Fund Balance - September 30 (Ending)	\$ -	\$ 32,974	\$ -	\$ 720,545

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

78 LEOSE Training Fund	80 County Attorney Hot Check Fund	81 Tax Assessor- MVI Fund	83 Appellate Judicial System	84 Alternative Dispute Resolution	93 Sheriff Abandoned Vehicle Fund	Total Nonmajor Special Revenue Funds	53 Interest & Sinking Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,338,418	-
-	-	-	-	-	-	-	-
3,887	-	-	-	-	-	54,804	-
-	645	-	-	9,708	-	302,843	-
-	-	-	-	-	-	2,502	-
-	-	-	-	-	-	81,116	-
-	17	-	-	-	-	119,754	-
-	-	-	-	-	-	32,913	-
-	-	-	-	-	-	251,292	-
-	-	-	-	-	-	43,334	-
-	-	-	-	-	-	44,001	-
3,887	662	-	-	9,708	-	2,270,977	-
-	228	-	-	9,708	-	68,016	-
-	-	-	-	-	-	1,371,943	-
3,931	-	-	-	-	1,021	44,420	-
-	-	-	-	-	-	26,430	-
-	-	-	-	-	-	273,335	-
-	-	-	-	-	-	4,513	-
-	-	-	-	-	-	302	-
-	-	-	-	-	-	-	-
3,931	228	-	-	9,708	1,021	1,788,959	-
(44)	434	-	-	-	(1,021)	482,018	-
-	-	-	-	-	-	19,305	-
-	-	-	-	-	-	20,000	-
-	-	-	-	-	-	39,305	-
(44)	434	-	-	-	(1,021)	521,323	-
21,676	12,367	107	-	-	1,021	3,607,700	-
\$ 21,632	\$ 12,801	\$ 107	\$ -	\$ -	\$ -	\$ 4,129,023	\$ -

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

	62 GOB Series 2013 Interest & Sinking	Total Nonmajor Debt Service Funds	61 GOB Series 2013 Jail Project	71 Airport Capital Projects
REVENUES:				
Taxes:				
Property Taxes	\$ 962,712	\$ 962,712	\$ -	\$ -
Other Taxes	-	-	-	-
Penalty and Interest on Taxes	7,715	7,715	-	-
Intergovernmental Revenue and Grants	-	-	-	313,183
Charges for Services	-	-	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	12,381	12,381	4,075	-
Interest Revenue - Leases	-	-	-	-
Rents and Royalties	-	-	-	-
Lease Revenue	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>982,808</u>	<u>982,808</u>	<u>4,075</u>	<u>313,183</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	-	-	-	-
Public Safety	-	-	-	-
Public Works:				
Road and Bridges	-	-	-	-
Public Facilities	-	-	-	313,183
Debt Service:				
Principal on Debt	670,000	670,000	-	-
Interest on Debt	289,024	289,024	-	-
Other Debt Service	400	400	-	-
Capital Outlay:				
Capital Outlay	-	-	132,614	-
Total Expenditures	<u>959,424</u>	<u>959,424</u>	<u>132,614</u>	<u>313,183</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,384</u>	<u>23,384</u>	<u>(128,539)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Right-to-Use Leases	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	23,384	23,384	(128,539)	-
Fund Balance - October 1 (Beginning)	<u>155,176</u>	<u>155,176</u>	<u>152,233</u>	<u>15</u>
Fund Balance - September 30 (Ending)	<u>\$ 178,560</u>	<u>\$ 178,560</u>	<u>\$ 23,694</u>	<u>\$ 15</u>

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

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 962,712
-	1,338,418
-	7,715
313,183	367,987
-	302,843
-	2,502
-	81,116
4,075	136,210
-	32,913
-	251,292
-	43,334
-	44,001
<u>317,258</u>	<u>3,571,043</u>
-	68,016
-	1,371,943
-	44,420
-	26,430
313,183	586,518
-	674,513
-	289,326
-	400
<u>132,614</u>	<u>132,614</u>
<u>445,797</u>	<u>3,194,180</u>
<u>(128,539)</u>	<u>376,863</u>
-	19,305
-	20,000
-	39,305
(128,539)	416,168
<u>152,248</u>	<u>3,915,124</u>
<u>\$ 23,709</u>	<u>\$ 4,331,292</u>

GILLESPIE COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2023

	89 McDermott Building (Library)	92 Breiten Fund (PML)	Total Private Purpose Trust Funds
<hr/>			
ASSETS			
Cash and Cash Equivalents	\$ 123,702	\$ 161,563	\$ 285,265
Total Assets	<u>123,702</u>	<u>161,563</u>	<u>285,265</u>
NET POSITION			
Restricted for Other Purposes	<u>123,702</u>	<u>161,563</u>	<u>285,265</u>
Total Net Position	<u><u>\$ 123,702</u></u>	<u><u>\$ 161,563</u></u>	<u><u>\$ 285,265</u></u>

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

GILLESPIECOUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Data Control Codes	89 McDermott Building (Library)	92 Breiten Fund (PML)	Total Private Purpose Trust Funds
ADDITIONS:			
Investment Earnings	\$ 5,251	\$ 6,930	\$ 12,181
Total Additions	<u>5,251</u>	<u>6,930</u>	<u>12,181</u>
DEDUCTIONS:			
Other Operating Costs	-	6,704	6,704
Total Deductions	<u>-</u>	<u>6,704</u>	<u>6,704</u>
Change in Net Position	5,251	226	5,477
Total Net Position - October 1 (Beginning)	<u>118,451</u>	<u>161,337</u>	<u>279,788</u>
Total Net Position - September 30 (Ending)	<u>\$ 123,702</u>	<u>\$ 161,563</u>	<u>\$ 285,265</u>

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

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

	22 State Court Costs, Fees & Fines	27 Waste Water (State Fee)	43 Justice of the Peace No. 3	44 Justice of the Peace No. 4
ASSETS				
Cash and Cash Equivalents	\$ 74,070	\$ 1,415	\$ 29,637	\$ 4,417
Accounts Receivable, Net	-	-	-	-
Total Assets	74,070	1,415	29,637	4,417
LIABILITIES				
Intergovernmental Payable	74,070	-	-	-
Due to Other Funds	-	-	25,751	3,168
Due to Others	-	-	176	-
Total Liabilities	74,070	-	25,927	3,168
NET POSITION				
Restricted for Other Purposes	-	1,415	3,710	1,249
Total Net Position	\$ -	\$ 1,415	\$ 3,710	\$ 1,249

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

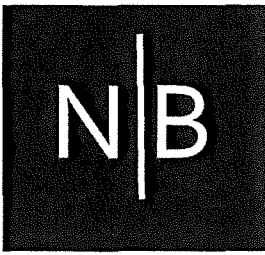
85 Justice of the Peace No. 1	86 Justice of the Peace No. 2	90 Unclaimed Money Fund	94 County Clerk Operating	95 District Clerk Operating	96 Tax Assessor Collector	97 Sheriff	Total Custodial Funds
\$ 14,199	\$ 17,974	\$ 42,341	\$ 364,527	\$ 10,442,398	\$ 292,386	\$ 222,497	\$ 11,505,861
-	-	-	-	513	-	-	513
14,199	17,974	42,341	364,527	10,442,911	292,386	222,497	11,506,374
-	-	-	-	-	-	-	74,070
6,638	13,735	-	65,084	20,170	13,819	-	148,365
-	285	39,115	3,223	10,071,791	-	-	10,114,590
6,638	14,020	39,115	68,307	10,091,961	13,819	-	10,337,025
7,561	3,954	3,226	296,220	350,950	278,567	222,497	1,169,349
\$ 7,561	\$ 3,954	\$ 3,226	\$ 296,220	\$ 350,950	\$ 278,567	\$ 222,497	\$ 1,169,349

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

Data Control Codes	22 State Court Costs, Fees & Fines	27 Waste Water (State Fee)	43 Justice of the Peace No. 3	44 Justice of the Peace No. 4
ADDITIONS:				
Licenses and Permits	\$ -	\$ 7,165	\$ -	\$ -
Investment Earnings	-	-	21	12
Other Revenue	428,282	-	284,075	87,936
Total Additions	<u>428,282</u>	<u>7,165</u>	<u>284,096</u>	<u>87,948</u>
DEDUCTIONS:				
Other Operating Costs	431,192	5,750	289,110	88,936
Total Deductions	<u>431,192</u>	<u>5,750</u>	<u>289,110</u>	<u>88,936</u>
Change in Net Position	(2,910)	1,415	(5,014)	(988)
Total Net Position - October 1 (Beginning)	2,910	-	8,724	2,237
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position - September 30 (Ending)	<u>\$ -</u>	<u>\$ 1,415</u>	<u>\$ 3,710</u>	<u>\$ 1,249</u>

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

85 Justice of the Peace No. 1	86 Justice of the Peace No. 2	90 Unclaimed Money Fund	94 County Clerk Operating	95 District Clerk Operating	96 Tax Assessor Collector	97 Sheriff	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,165
20	12	-	73	62	-	-	200
111,765	121,037	-	1,200,657	4,578,793	19,242,710	404,940	26,460,195
111,785	121,049	-	1,200,730	4,578,855	19,242,710	404,940	26,467,560
136,862	121,333	-	1,104,192	4,811,169	19,264,337	400,492	26,653,373
136,862	121,333	-	1,104,192	4,811,169	19,264,337	400,492	26,653,373
(25,077)	(284)	-	96,538	(232,314)	(21,627)	4,448	(185,813)
32,638	4,238	3,226	199,706	597,833	300,194	218,049	1,369,755
-	-	-	(24)	(14,569)	-	-	(14,593)
\$ 7,561	\$ 3,954	\$ 3,226	\$ 296,220	\$ 350,950	\$ 278,567	\$ 222,497	\$ 1,169,349



NEFFENDORF & BLOCKER, P.C.

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

To the Honorable Judge and Members
of the Commissioners' Court
Gillespie County, Texas
Fredericksburg, TX 78624

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 Gillespie 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, and have issued our report thereon dated May 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Gillespie County, Texas' 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 Gillespie County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Gillespie County, Texas' 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

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exist that were not identified. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

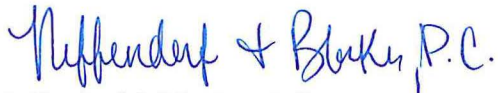
Gillespie County, Texas' Response to Findings

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

Purpose of this Report

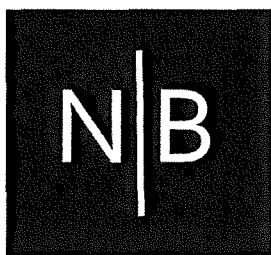
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

Sincerely,



Neffendorf & Blocker, P.C.
Fredericksburg, Texas

May 13, 2024



NEFFENDORF & BLOCKER, P.C.

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

Honorable Judge and Commissioners
County of Gillespie, Texas
Fredericksburg, TX 78624

Members of the Court:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gillespie County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Gillespie County's major federal programs for the year ended September 30, 2023. Gillespie County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Gillespie 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Gillespie 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 Gillespie County, Texas' compliance with the compliance requirements referred to above.

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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 Gillespie County, Texas' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Gillespie 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 Gillespie 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 Gillespie 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 Gillespie 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 Gillespie 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Neffendorf & Blocker, P.C.

Neffendorf & Blocker, P.C.

Fredericksburg, Texas

May 13, 2024

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

I. Summary of the Auditor's Results:

I. Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material Weakness(es) identified Yes X No

Significant deficiencies identified that are not considered to be material weakness X Yes No

Noncompliance material to financial statements noted? Yes X No

II. Federal and State Awards

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material Weakness(es) identified Yes X No

Significant deficiencies identified that are not considered to be material weakness Yes X No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance? Yes X No

Identification of major federal program:

Assistance
Listing Number
21.027

Name of the Federal Program
or Cluster
**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 low-risk auditee? Yes X No

II. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

2023-001 (Repeat Finding)

Condition: Payroll procedures and policies are not uniformly applied to all departments. Timekeeping records and procedures vary by department and the calculations for the time worked are done manually for some departments.

Criteria: Payroll recordkeeping and calculations should be consistent

Cause of Condition:	across all departments. There are a variety of methods used to process payroll deductions and hours tracked on timesheets.
Potential Effect of Condition:	County employees may not be appropriately compensated.
Recommendation:	Design and implement written policies and controls to ensure all payroll deductions and timekeeping records are processed uniformly to all employees of the County. Implement a uniform timekeeping system for all departments, such as an electronic timekeeping system which integrates review and approval processes and conduct annual training with all personnel who have the authority to process payroll.

III. Findings and Questioned Costs for Federal Awards

-None-

GILLESPIE COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS/CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

STATEMENT OF CORRECTIVE ACTION -
CURRENT YEAR DISCLOSURES

2023-001- The Treasurer's Office will work with Commissioners Court to establish a written payroll policy and related procedures to ensure all pay, payroll deductions, and timekeeping records are processed uniformly. The Treasurer's Office is currently implementing an electronic timekeeping system through Incode which should be completed by the end of FY24.

STATEMENT OF CORRECTIVE ACTION -
PRIOR YEAR DISCLOSURES

2022-001

Condition:	The County Treasurer's office did not verify the valuation and accuracy of the accrued compensation for sick and vacation leave liability at year end.
Criteria:	Compliance with the assertion that the valuation of the leave liability is accurate and properly presented in the financial statements.
Cause of Condition:	The HR department along with the County Treasurer's office did not properly make required changes for employees that were moved to elected/appointed official positions.
Potential Effect of Condition:	The effect of improperly including elected/appointed officials in the leave liability at the end of the year caused an overstatement of leave liability in the amount of \$446,006.
Recommendation:	We recommend there be a formal payroll change checklist that includes properly classifying employee and elected/appointed officials along with removing terminated employees from health insurance and retirement contributions. Additionally, we recommend that the leave liability be reviewed for accuracy and completeness at a minimum of annually.
Current Year Status:	The County completed corrective action.

2022-002

Condition:	The County Clerk's office did not timely file reports with the Treasurer and did not reconcile the receipts and disbursements to the bank statements.
Criteria:	Compliance with the assertion that all transactions are complete and recorded properly in the financial statements.
Cause of Condition:	County Clerk was handling the elections and staff was not properly trained on filing and reconciling reports.
Potential Effect of Condition:	Reports were filed several months late. Incorrect reporting and unreconciled difference.
Recommendation:	The County Clerk should timely file reports and reconcile the reports to receipts and disbursements per the bank statement.
Current Year Status:	The County completed corrective action.

2022-003

Condition:	The County did record custodial funds in accordance with GASB Statement No. 84 <i>Fiduciary Activities</i> . The county was not in compliance with Governmental Accounting Standards.
Criteria:	The County was required to adopt and implement GASB Statement No. 84 <i>Fiduciary Activities</i> in the prior year. The statement requires recognition of additions and deductions in custodial funds.
Cause of Condition:	The County did not record the custodial funds in accordance with GASB Statement No. 84 <i>Fiduciary Activities</i> .
Potential Effect of Condition:	Audit procedures and adjustments were performed with regard to the County's compliance with GASB Statement No. 84 <i>Fiduciary Activities</i> .
Recommendation:	The County should review and implement the requirements of GASB Statement No. 84 <i>Fiduciary Activities</i> .
Current Year Status:	The County completed corrective action.

2022-004

Condition:	Payroll procedures and policies are not uniformly applied to all departments. Timekeeping records and procedures vary by department and the calculations for the time worked are done manually for some departments.
Criteria:	Payroll recordkeeping and calculations should be consistent across all departments.
Cause of Condition:	There are a variety of methods used to process payroll deductions and hours tracked on timesheets.
Potential Effect of Condition:	County employees may not be appropriately compensated.
Recommendation:	Design and implement written policies and controls to ensure all payroll deductions and timekeeping records are processed uniformly to all employees of the County. Implement a uniform timekeeping system for all departments, such as an electronic timekeeping system which integrates review and approval processes and conduct annual training with all personnel who have the authority to process payroll.
Current Year Status:	Repeat Finding

GILLESPIE COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF TREASURY</u>			
<u>Direct Programs</u>			
Coronavirus Local Fiscal Recovery Funds	21.027		\$ 1,394,550
Total Direct Programs			<u>1,394,550</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>1,394,550</u>
<u>U.S. FEDERAL AVIATION ADMINISTRATION</u>			
<u>Passed Through State Department of Transportation</u>			
Airport Participation Project	20.106	2014FREDB	313,183
Total Passed Through State Department of Transportation			<u>313,183</u>
TOTAL U.S. FEDERAL AVIATION ADMINISTRATION			<u>313,183</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Direct Programs</u>			
State Criminal Alien Assistance Program	16.606	15PBJA-21-RR-04	22,717
State Criminal Alien Assistance Program	16.606	15PBJA-22-RR-05	38,601
Total CFDA Number 16.606			<u>61,318</u>
Patrick Leahy Bulletproof Vest Partnership Grant	16.607	2021BUBX2102847	2,746
Patrick Leahy Bulletproof Vest Partnership Grant	16.607	2022BUBX2203239	255
Total CFDA Number 16.607			<u>3,001</u>
Total Direct Programs			<u>64,319</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>64,319</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,772,052</u></u>

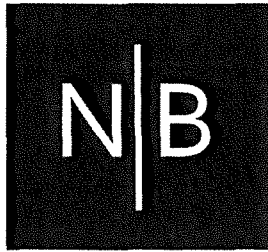
GILLESPIE COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

1. The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Gillespie County, Texas. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Federal and State financial assistance was accounted for in the Governmental fund types.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the General Fund and Special Revenue Funds which are Governmental Fund types.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.
4. Gillespie County, Texas has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



NEFFENDORF & BLOCKER, P.C.

May 13, 2024

Honorable Judge and Commissioners
County of Gillespie, Texas
Fredericksburg, TX 78624

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gillespie County, Texas for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Gillespie County, Texas are described in Note I to the financial statements. GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* was adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by Gillespie County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 13, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Related-Party Transaction Issue

We have been made aware of a related party transaction for an expenditure that was made in September 2023. The County Auditor did not approve the transaction for payment due to the purchase not following the County purchasing policy and the lack of competitive procurement as no other quotes were requested. The County Commissioners approved the invoice subsequently but the County Auditor still refused payment due to the lack of competitive procurement. Subsequently, the County Auditor obtained a quote for the same items and the price was 33% less. As of the date of this report, the invoice is still unpaid.

Subsequent Issues

Bank Reconciliations

We noted during our review of subsequent transactions that the County Treasurer has not prepared the bank reconciliations for any months in the current fiscal year. Timely monthly bank reconciliations are a crucial anti-fraud internal control procedure. Bank reconciliations are the foundation for accurate and complete financial information. We recommend the County perform the bank reconciliations to date to ensure accurate financial reports are provided to Commissioners Court and outside agencies.

State Quarterly Fee Remittance

The County Treasurer also has not filed the required Texas Comptroller state quarterly reports nor has the County remitted the funds. We recommend the County file the state quarterly report and remit funds to the Texas Comptroller to avoid penalties. The Comptroller has issued warnings of withholding sale and use tax allocations to cover the unpaid fees.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis; Budgetary Comparison Schedule - General Fund; Budgetary Comparison Schedule – Road and Bridge Fund; Schedule of Changes in Net Pension Liability and Related Ratio and Schedule of Employer Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Balance Sheet – Nonmajor Governmental Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds; Combining Statement of Changes in Assets and Liabilities – All Agency Funds; Combining Statement of Net Position – Private Purpose Trust Funds; and Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Private Purpose Trust Funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

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

Recommendations

Public Funds Investment Act

Local Government Code Chapter 2256 Public Funds Investment Act states “The governing body of an investing entity shall review its investment policy and investment strategies not less than annually”. The County failed to review and adopt the investment policy annually to be in compliance with the Public Funds Investment Act.

Prior Year Recommendations

Grants Manual

Since the County receives grant funds from both state and federal sources, we recommend the County adopt a grants manual to establish written internal controls and processes over accounting for grants and compliance.

Outstanding Checks

Several old outstanding checks are being carried on the bank reconciliations on several of the officials' accounts. We recommend that the checks be researched for proper disposition (cleared or re-issued).

We appreciate the cooperation of the County Auditor's office and the various officials and employees of the County.

Sincerely,



Neffendorf & Blocker, P.C.
Fredericksburg, Texas

May 13, 2024

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

	General Fund	Grants Fund	Road & Bridge Fund
Net Change in Fund Balances	6,915,643	199,041	(46,170)
Fund Balance - October 1 (Beginning)	20,775,019	17,026	3,322,953
Prior Period Adjustment	(2,279)	-	-
Fund Balance - September 30 (Ending)	<u>\$ 27,688,383</u>	<u>\$ 216,067</u>	<u>\$ 3,276,783</u>

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

Capital Projects	Other Funds	Total Governmental Funds
290,093	416,168	7,774,775
6,540,666	3,915,124	34,570,788
-	-	(2,279)
<u>\$ 6,830,759</u>	<u>\$ 4,331,292</u>	<u>\$ 42,343,284</u>