

LAVACA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2023



**8 WEST WAY COURT
LAKE JACKSON, TEXAS 77566**

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LAVACA COUNTY, TEXAS

Annual Financial Report

For the Year Ended September 30, 2023

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For the Year Ended September 30, 2023

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County 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.

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The Honorable County Judge
and Members of Commissioners Court
Lavaca County, Texas

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The Honorable County Judge
and Members of Commissioners Court
Lavaca County, Texas

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, analysis and budgetary comparison information, required pension schedules and required OPEB schedules on pages 11 through 24 and 76 through 84 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 the County's 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.

The Honorable County Judge
and Members of Commissioners Court
Lavaca County, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
May 29, 2024

LAVACA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2023

As management of Lavaca County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year for governmental and business-type activities by \$ 38,516,278 and \$ 1,276,428 (net position), respectively. Of this amount, the governmental activities reported an unrestricted net position of \$ 6,422,989, which may be used to meet the government's ongoing obligations to citizens and creditors within the County's fund designations. The business-type activities reported an unrestricted net position of \$ 186,228.
- The County's total net position increased for governmental activities by \$ 4,376,124 and decreased for business-type activities by \$ 215,553.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 24,269,108 and its enterprise fund reported ending net position of \$ 1,276,428. 34.42% and 14.59% of these total amounts, \$ 8,435,997 (unassigned fund balance) and \$ 186,228 (unrestricted net position), respectively, were available for use within the County's fund designations.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 8,354,083 or 90.31% of the total general fund expenditures.

Overview of the Financial Statements

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

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

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

LAVACA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2023

The *statement of activities* presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the County include general administration, judicial and legal, financial administration, public facilities, public safety, public transportation, health and welfare, and conservation. The *business-type activities* of the County include ambulance operations.

The government-wide financial statements can be found on pages 27 through 29 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances, provides reconciliations to facilitate this comparison between governmental funds and governmental activities.

LAVACA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2023

The County maintains thirty-five (35) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road & Bridge Fund and the COVID Recovery ARP Fund; all of which are considered to be major funds. Data from the other thirty-two (32) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 30 through 33 of this report.

- **Proprietary Funds.** The County maintains two categories of *proprietary funds*. The *enterprise fund* is used to report the same functions presented as *business-type activities* in government-wide financial statements. The County uses an *enterprise fund* to account for its ambulance operations. The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs of its self-funded worker's compensation and unemployment insurance internally among various funds and functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary funds financial statements can be found on pages 34 through 37 of this report.
- **Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on pages 38 and 39.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42 through 74 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 76 through 84 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 86 through 125 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 39,792,706 as of September 30, 2023.

LAVACA COUNTY, TEXAS*Management's Discussion and Analysis
For the Year Ended September 30, 2023*

The largest portion of the County's net position, \$ 19,943,664 (50.12%) reflects its investments in capital assets (e.g., land; buildings and improvements; furniture, equipment and vehicles; right to use leased assets; and construction in progress), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

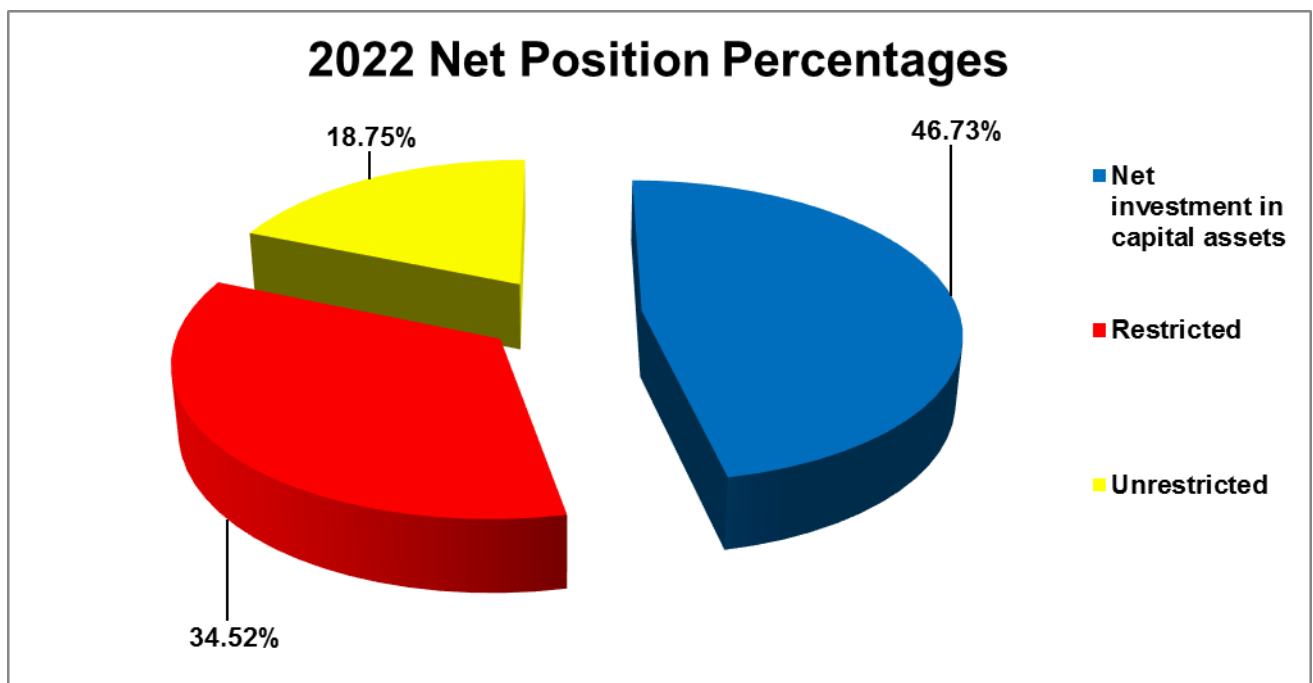
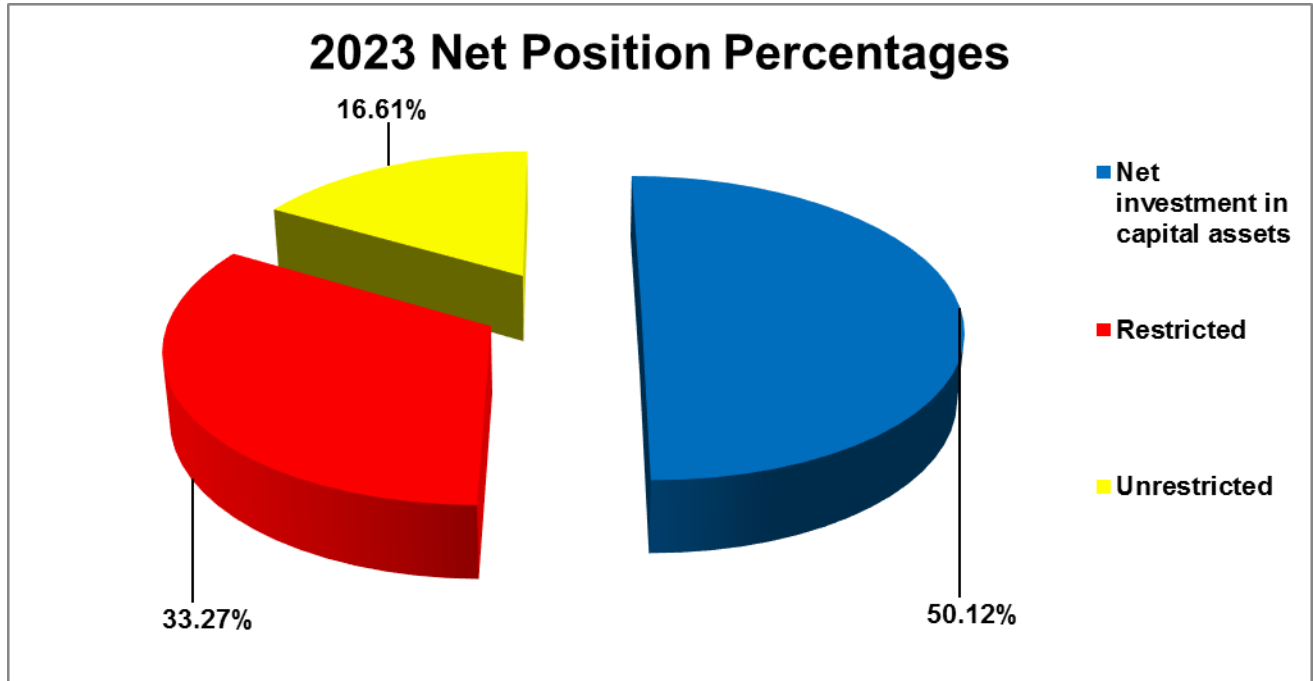
LAVACA COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 27,842,613	\$ 26,816,045	\$ 433,010	\$ 1,403,012	\$ 28,275,623	\$ 28,219,057
Capital assets	<u>17,128,936</u>	<u>16,297,654</u>	<u>1,090,200</u>	<u>1,134,922</u>	<u>18,219,136</u>	<u>17,432,576</u>
Total assets	<u>44,971,549</u>	<u>43,113,699</u>	<u>1,523,210</u>	<u>2,537,934</u>	<u>46,494,759</u>	<u>45,651,633</u>
Total deferred outflows of resources	<u>1,975,158</u>	<u>2,001,588</u>	<u>642,573</u>	<u>385,914</u>	<u>2,617,731</u>	<u>2,387,502</u>
Liabilities:						
Current and other liabilities	2,629,399	3,138,291	92,308	20,432	2,721,707	3,158,723
Long-term liabilities	<u>5,560,032</u>	<u>2,421,698</u>	<u>733,982</u>	<u>148,242</u>	<u>6,294,014</u>	<u>2,569,940</u>
Total liabilities	<u>8,189,431</u>	<u>5,559,989</u>	<u>826,290</u>	<u>168,674</u>	<u>9,015,721</u>	<u>5,728,663</u>
Total deferred inflows of resources	<u>240,998</u>	<u>5,415,144</u>	<u>63,065</u>	<u>1,263,193</u>	<u>304,063</u>	<u>6,678,337</u>
Net Position:						
Net investment in capital assets	18,853,464	15,516,283	1,090,200	1,134,922	19,943,664	16,651,205
Restricted	13,239,825	12,301,154	-	-	13,239,825	12,301,154
Unrestricted	<u>6,422,989</u>	<u>6,322,717</u>	<u>186,228</u>	<u>357,059</u>	<u>6,609,217</u>	<u>6,679,776</u>
Total net position	<u>\$ 38,516,278</u>	<u>\$ 34,140,154</u>	<u>\$ 1,276,428</u>	<u>\$ 1,491,981</u>	<u>\$ 39,792,706</u>	<u>\$ 35,632,135</u>

LAVACA COUNTY, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2023

An additional portion of the County's net position of \$ 13,239,825 (33.27%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 6,609,217 (16.61%) may be used to meet the government's ongoing obligations to citizens and creditors.



LAVACA COUNTY, TEXAS*Management's Discussion and Analysis
For the Year Ended September 30, 2023*

Analysis of the County's Operations. Overall the County had an increase in net position of \$ 4,160,571. Governmental activities reported an increase in net position of \$ 4,376,124, while the business-type activities reported a decrease in net position of \$ 215,553. The reason for the increase of net position in the governmental activities primarily relates to capital assets balances. Net investment in capital assets balances increased by \$ 3,337,181 substantially due to the capital grants and contributions attributable to the COVID Recovery ARP Fund. Unrestricted net position in the governmental activities increased \$ 100,272, primarily due to the changes in the net pension liability. The reason for the decrease of net position in the business-type activities of \$ 215,553 primarily relates to increased expenses.

The following table provides a summary of the County's operations for the years ended September 30, 2023 and 2022:

LAVACA COUNTY'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 2,366,062	\$ 2,644,575	\$ 1,015,593	\$ 936,339	\$ 3,381,655	\$ 3,580,914
Operating grants and contributions	1,341,868	1,723,558	-	-	1,341,868	1,723,558
Capital grants and contributions	1,197,163	1,647,918	-	-	1,197,163	1,647,918
General Revenues:						
Property taxes	17,083,650	14,816,761	-	-	17,083,650	14,816,761
Other taxes	24,336	19,834	-	-	24,336	19,834
Investment income	953,272	99,513	4,382	814	957,654	100,327
Miscellaneous	<u>243,149</u>	<u>253,898</u>	<u>5,395</u>	<u>70,818</u>	<u>248,544</u>	<u>324,716</u>
Total revenues	<u>23,209,500</u>	<u>21,206,057</u>	<u>1,025,370</u>	<u>1,007,971</u>	<u>24,234,870</u>	<u>22,214,028</u>

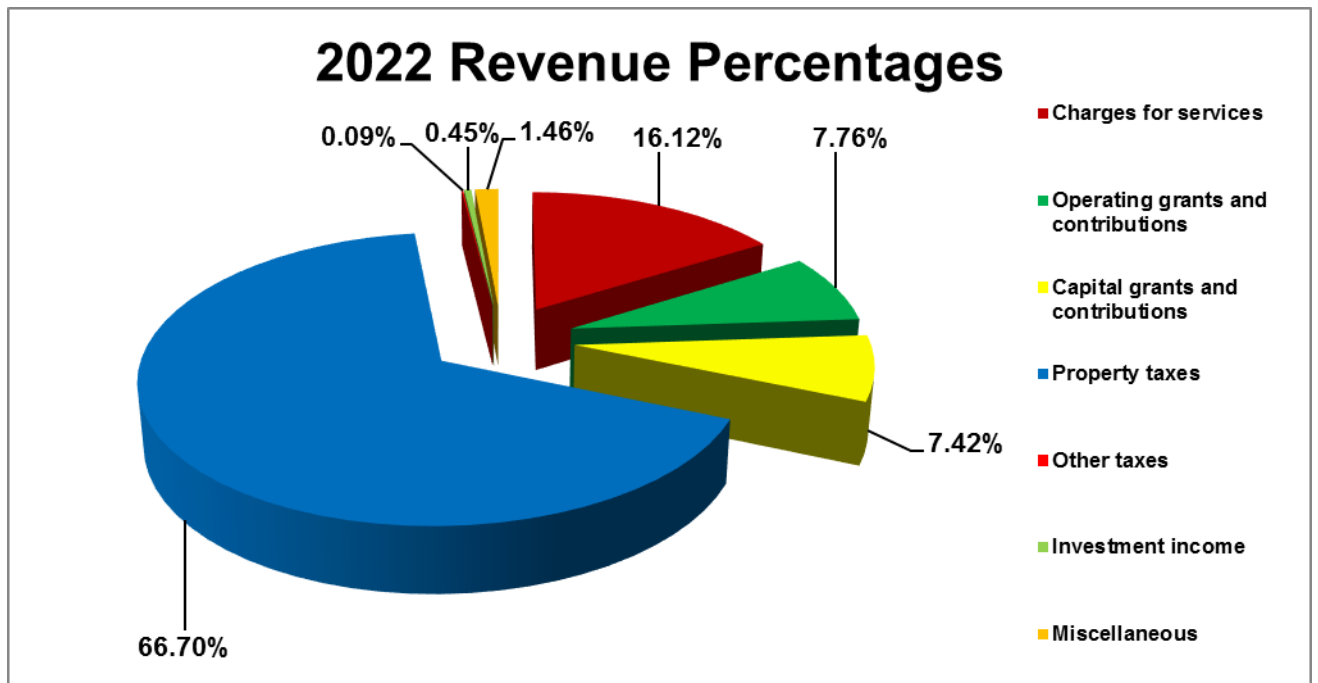
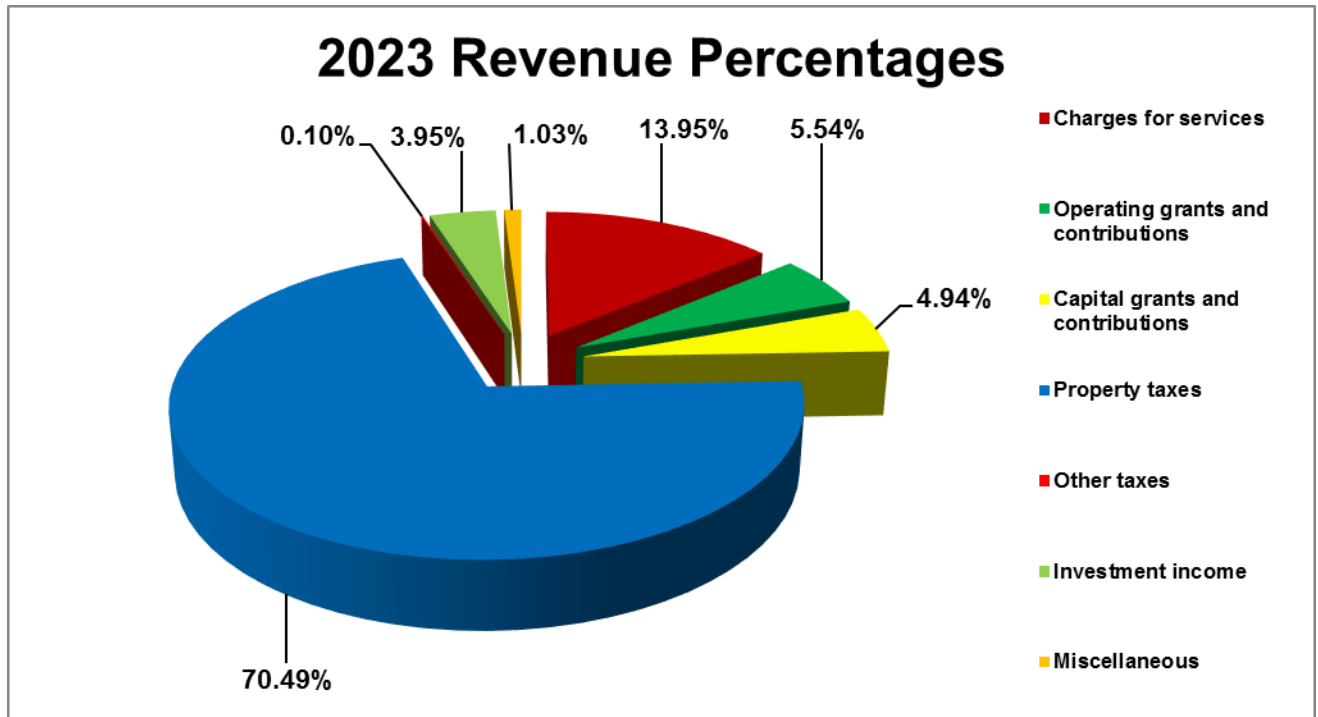
(continued)

LAVACA COUNTY, TEXAS*Management's Discussion and Analysis
For the Year Ended September 30, 2023*

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Expenses:						
General administration	\$ 2,768,184	\$ 2,814,531	\$ -	\$ -	\$ 2,768,184	\$ 2,814,531
Judicial and legal	1,809,084	1,523,416	-	-	1,809,084	1,523,416
Financial administration	1,206,471	1,058,613	-	-	1,206,471	1,058,613
Public facilities	357,635	366,570	-	-	357,635	366,570
Public safety	3,914,237	3,210,534	-	-	3,914,237	3,210,534
Public transportation	7,003,597	6,909,369	-	-	7,003,597	6,909,369
Health and welfare	171,239	148,435	-	-	171,239	148,435
Conservation	138,021	121,078	-	-	138,021	121,078
Ambulance	-	-	2,666,258	2,133,915	2,666,258	2,133,915
Interest and fiscal charges	<u>39,573</u>	<u>38,774</u>	<u>-</u>	<u>-</u>	<u>39,573</u>	<u>38,774</u>
Total expenses	<u>17,408,041</u>	<u>16,191,320</u>	<u>2,666,258</u>	<u>2,133,915</u>	<u>20,074,299</u>	<u>18,325,235</u>
Change in net position before transfers	5,801,459	5,014,737	(1,640,888)	(1,125,944)	4,160,571	3,888,793
Transfers	<u>(1,425,335)</u>	<u>(1,145,105)</u>	<u>1,425,335</u>	<u>1,145,105</u>	<u>-</u>	<u>-</u>
Change in net position	4,376,124	3,869,632	(215,553)	19,161	4,160,571	3,888,793
Net position – beginning	<u>34,140,154</u>	<u>30,270,522</u>	<u>1,491,981</u>	<u>1,472,820</u>	<u>35,632,135</u>	<u>31,743,342</u>
Net position - ending	<u>\$ 38,516,278</u>	<u>\$ 34,140,154</u>	<u>\$ 1,276,428</u>	<u>\$ 1,491,981</u>	<u>\$ 39,792,706</u>	<u>\$ 35,632,135</u>

LAVACA COUNTY, TEXAS

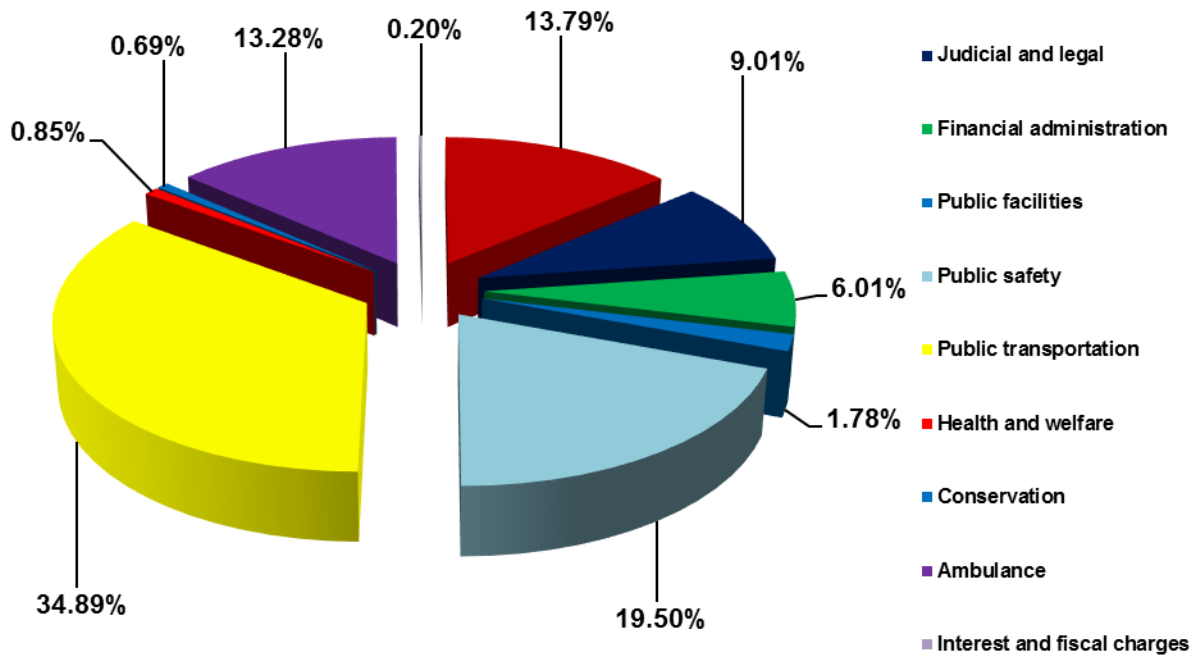
*Management's Discussion and Analysis
For the Year Ended September 30, 2023*



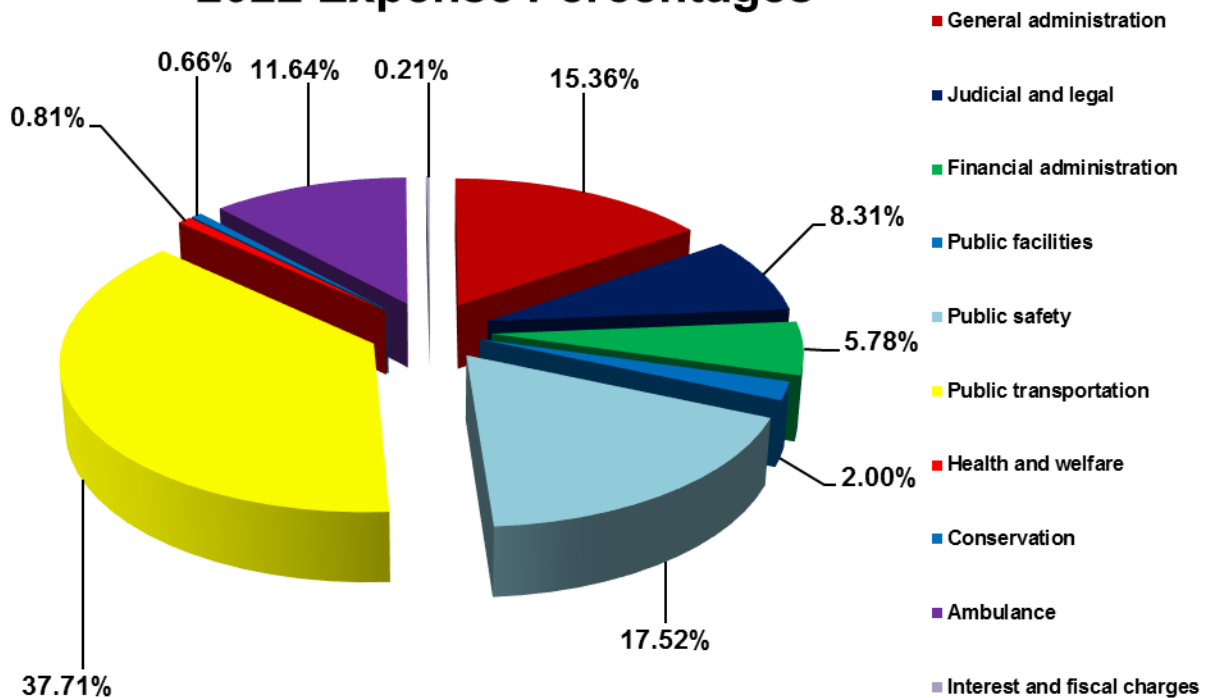
LAVACA COUNTY, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2023

2023 Expense Percentages



2022 Expense Percentages



LAVACA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2023

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 24,269,108. The unassigned fund balance of \$ 8,354,083 constitutes 34.42% of ending fund balance. The remainder of the fund balance is categorized as restricted in the amount of \$ 15,915,025.

Fund balance of the General Fund decreased by \$ 81,914; the Road & Bridge Fund increased by \$ 702,755; the COVID Recovery ARP increased by \$ 67,428 and other governmental funds increased by \$ 2,203,418. The General Fund and Road & Bridge Fund continue to have conservative fiscal oversight related to the budgeted expenditures. For the COVID Recovery ARP Fund, the County recognized grant revenue to the extent of authorized expenditures resulting in the change in fund balance being directly related to investment income.

Proprietary funds. The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The enterprise fund is used to account for ambulance operations. Net position at September 30, 2023 amounted to \$ 1,276,428. Total net position decreased \$ 215,553 (approximately 14.45%), and the decrease was primarily due to increased operational expenditures.

General Fund Budgetary Highlights. Over the course of the year, the County recommended and the Commissioners approved several revisions to budgeted revenue and appropriations. There was no overall change in revenues or expenditures from budget amendments in the current year. This resulted in actual revenues exceeding budgeted revenues by \$ 829,425 and budgeted expenditures exceeding actual expenditures by \$ 765,128.

LAVACA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2023

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$ 18,219,136 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; furniture, equipment and vehicles; right to use leased assets; and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Construction of radio tower system
- Acquisition of new vehicles, various road and bridge equipment and technology equipment

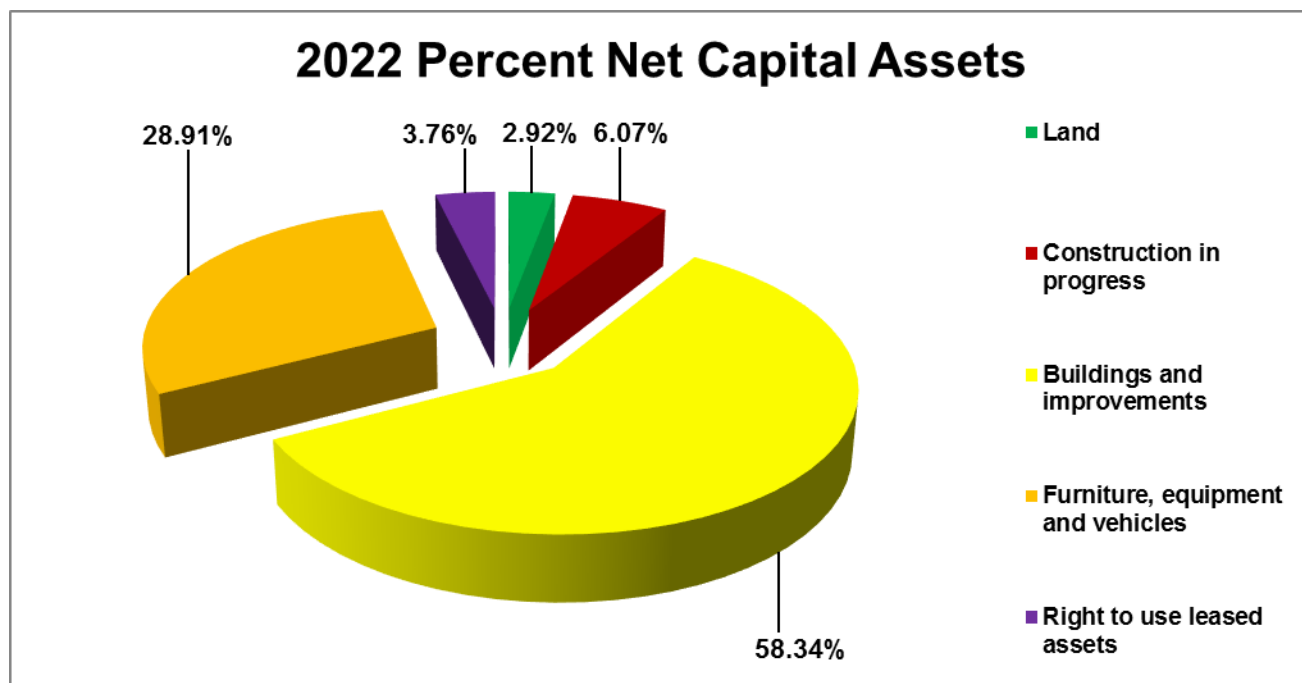
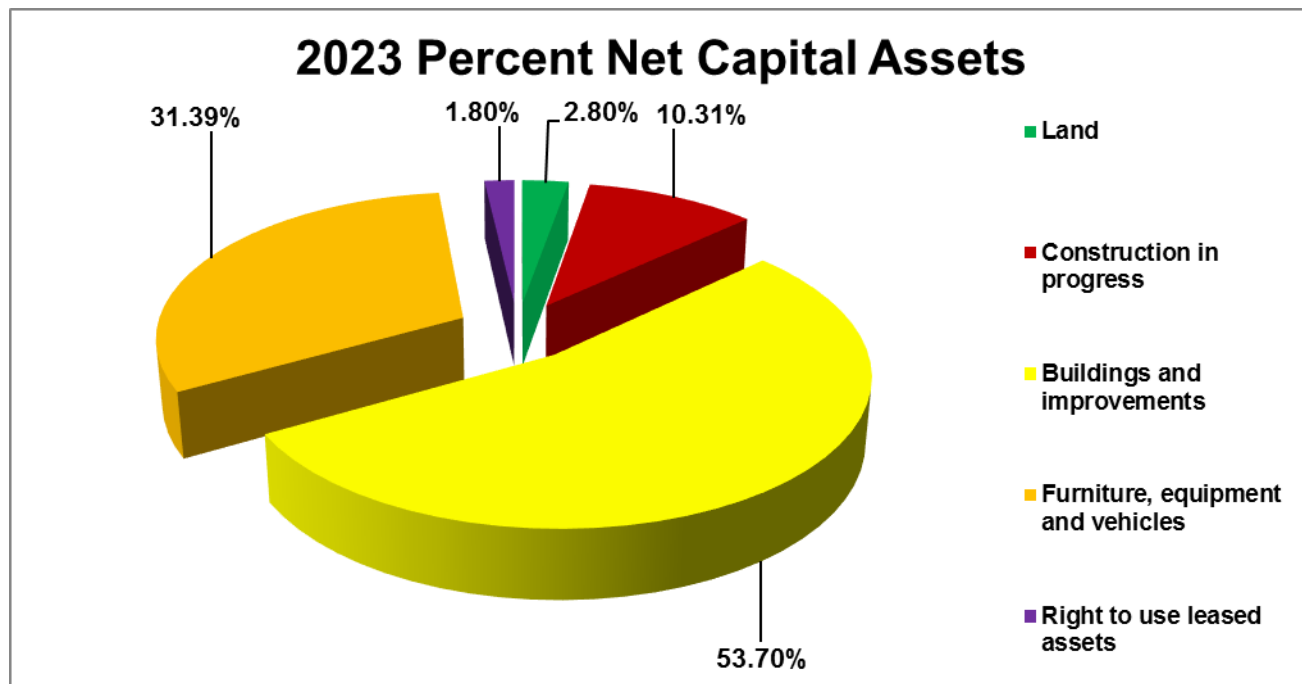
LAVACA COUNTY'S CAPITAL ASSETS Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 487,447	\$ 487,447	\$ 22,609	\$ 22,609	\$ 510,056	\$ 510,056
Construction in progress	1,878,177	1,058,150	-	-	1,878,177	1,058,150
Buildings and improvements	9,381,107	9,749,243	403,573	420,472	9,784,680	10,169,715
Furniture, equipment and vehicles	5,054,484	4,347,373	664,018	691,841	5,718,502	5,039,214
Right to use leased assets	<u>327,721</u>	<u>655,441</u>	<u>-</u>	<u>-</u>	<u>327,721</u>	<u>655,441</u>
Total	<u>\$ 17,128,936</u>	<u>\$ 16,297,654</u>	<u>\$ 1,090,200</u>	<u>\$ 1,134,922</u>	<u>\$ 18,219,136</u>	<u>\$ 17,432,576</u>

Additional information on the County's capital assets can be found in Note 5 on pages 59 through 61 of this report.

LAVACA COUNTY, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2023



LAVACA COUNTY, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2023

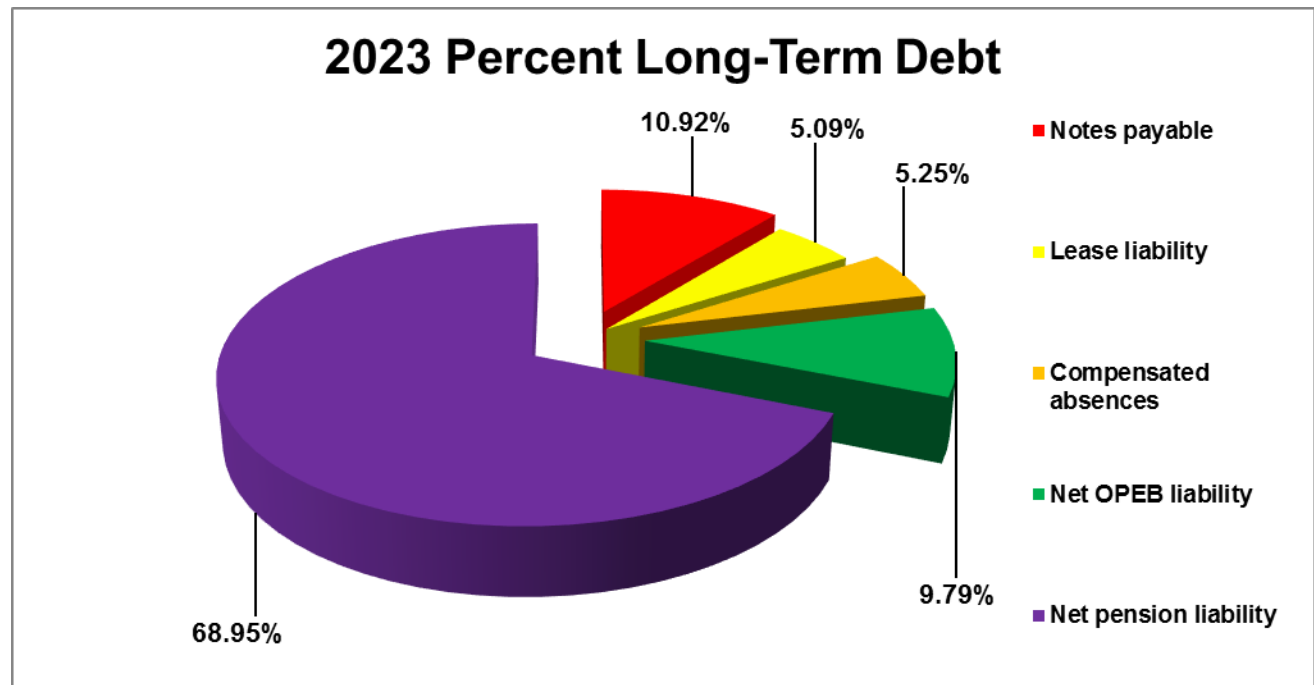
DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total debt of \$ 6,294,014 which, comprises notes payable, lease liability, compensated absences, total OPEB liability and net pension liability.

LAVACA COUNTY'S LONG-TERM DEBT

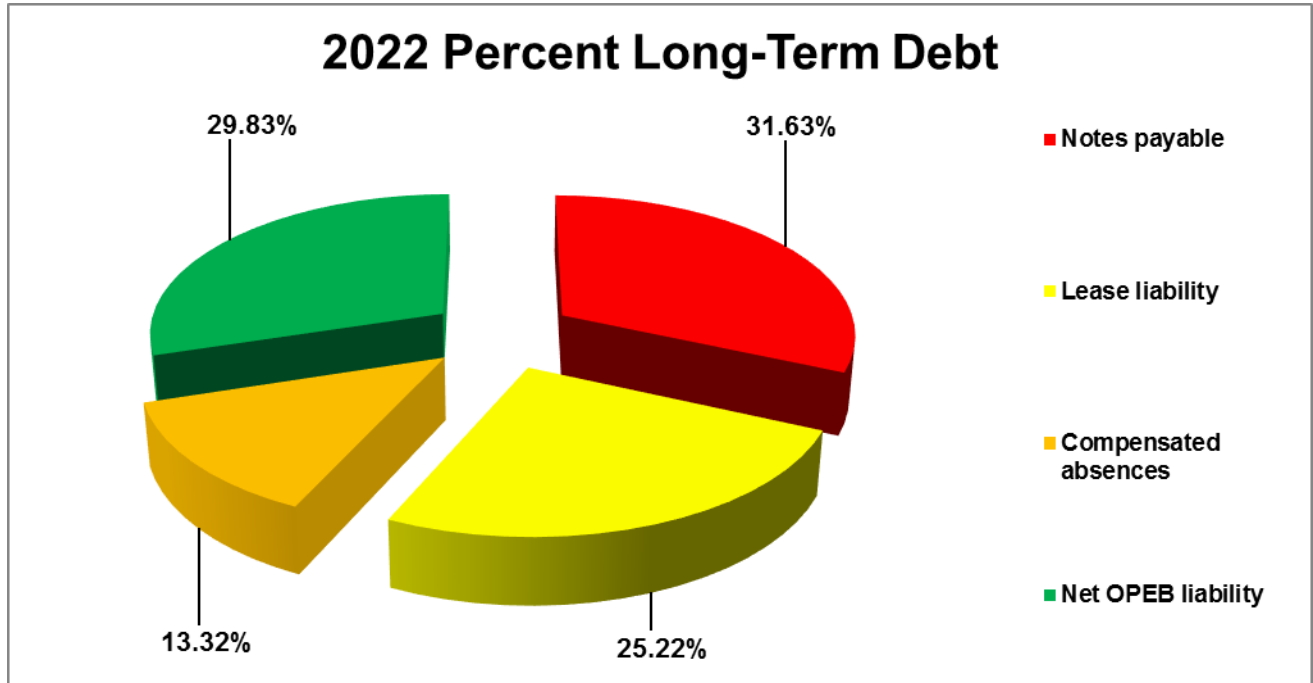
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Notes payable	\$ 687,619	\$ 812,818	\$ -	\$ -	\$ 687,619	\$ 812,818
Lease liability	320,361	648,026	-	-	320,361	648,026
Compensated absences	282,151	301,368	48,079	41,027	330,230	342,395
Total OPEB liability	541,097	659,486	74,885	107,215	615,982	766,701
Net pension liability	<u>3,728,804</u>	<u>-</u>	<u>611,018</u>	<u>-</u>	<u>4,339,822</u>	<u>-</u>
Total	<u>\$ 5,560,032</u>	<u>\$ 2,421,698</u>	<u>\$ 733,982</u>	<u>\$ 148,242</u>	<u>\$ 6,294,014</u>	<u>\$ 2,569,940</u>

During the fiscal year, the County's total debt increased \$ 3,724,074 or 144.91%. The increase was due to the addition of the net pension liability.



LAVACA COUNTY, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2023



Additional information on the County's long-term debt can be found in Note 6 on pages 61 through 62 of this report.

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the County's resources. Through the budget the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The 2024 budget was adopted August 28, 2023 with General Fund expenditures of \$ 13,958,069 and a revenue budget of \$ 13,328,262.

The Commissioners' Court adopted an overall tax rate of \$ 0.513200 per \$100 assessed valuation.

Request for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Lavaca County Auditor, 109 N. La Grange, Hallettsville, Texas 77964, or call (361) 798-2711.

BASIC FINANCIAL STATEMENTS

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LAVACA COUNTY, TEXAS*Statement of Net Position**September 30, 2023*

Exhibit 1

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and temporary investments	\$ 26,827,243	\$ -	\$ 26,827,243
Receivables (Net of Allowance for Uncollectibles):			
Taxes	169,706	-	169,706
Accounts	773,486	445,136	1,218,622
Due from other governments	60,052	-	60,052
Internal balances	12,126	(12,126)	-
Capital Assets:			
Land	487,447	22,609	510,056
Construction in progress	1,878,177	-	1,878,177
Buildings and improvements (net)	9,381,107	403,573	9,784,680
Furniture, equipment and vehicles (net)	5,054,484	664,018	5,718,502
Right to use leased assets (net)	<u>327,721</u>	<u>-</u>	<u>327,721</u>
Total assets	<u>44,971,549</u>	<u>1,523,210</u>	<u>46,494,759</u>
Deferred Outflows of Resources:			
Deferred outflows of resources	<u>1,975,158</u>	<u>642,573</u>	<u>2,617,731</u>
Total deferred outflows of resources	<u>1,975,158</u>	<u>642,573</u>	<u>2,617,731</u>
Liabilities:			
Accounts and accrued liabilities payable	1,831,146	92,308	1,923,454
Accrued interest payable	4,726	-	4,726
Due to others	694	-	694
Unearned revenue	792,833	-	792,833
Noncurrent Liabilities:			
Due within one year	722,285	33,389	755,674
Due in more than one year:			
Other long-term liabilities	567,846	14,690	582,536
Net pension liability	3,728,804	611,018	4,339,822
Total OPEB liability	<u>541,097</u>	<u>74,885</u>	<u>615,982</u>
Total liabilities	<u>8,189,431</u>	<u>826,290</u>	<u>9,015,721</u>
Deferred Inflows of Resources:			
Deferred inflows of resources	<u>240,998</u>	<u>63,065</u>	<u>304,063</u>
Total deferred inflows of resources	<u>240,998</u>	<u>63,065</u>	<u>304,063</u>
Net Position:			
Net investment in capital assets	18,853,464	1,090,200	19,943,664
Restricted:			
Public transportation projects	11,602,459	-	11,602,459
Other	1,637,366	-	1,637,366
Unrestricted	<u>6,422,989</u>	<u>186,228</u>	<u>6,609,217</u>
Total net position	<u>\$ 38,516,278</u>	<u>\$ 1,276,428</u>	<u>\$ 39,792,706</u>

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

LAVACA COUNTY, TEXAS*Statement of Activities**For the Year Ended September 30, 2023*

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General administration	\$ 2,768,184	\$ 334,024	\$ 733,616	\$ -
Judicial and legal	1,809,084	236,288	371,868	-
Financial administration	1,206,471	949,807	-	-
Public facilities	357,635	13,758	-	-
Public safety	3,914,237	108,237	111,807	1,197,163
Public transportation	7,003,597	722,208	110,145	-
Health and welfare	171,239	-	14,432	-
Conservation	138,021	1,740	-	-
Interest and fiscal charges	<u>39,573</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	17,408,041	2,366,062	1,341,868	1,197,163
Business-Type Activities:				
Ambulance	<u>2,666,258</u>	<u>1,015,593</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 20,074,299</u>	<u>\$ 3,381,655</u>	<u>\$ 1,341,868</u>	<u>\$ 1,197,163</u>
General Revenues:				
Property taxes				
Other taxes				
Investment income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes In Net Position
Primary Government

Governmental Activities	Business- Type Activities	Total
\$(1,700,544)	\$ -	\$(1,700,544)
(1,200,928)	-	(1,200,928)
(256,664)	-	(256,664)
(343,877)	-	(343,877)
(2,497,030)	-	(2,497,030)
(6,171,244)	-	(6,171,244)
(156,807)	-	(156,807)
(136,281)	-	(136,281)
(39,573)	-	(39,573)
(12,502,948)	-	(12,502,948)
-	(1,650,665)	(1,650,665)
(12,502,948)	(1,650,665)	(14,153,613)
17,083,650	-	17,083,650
24,336	-	24,336
953,272	4,382	957,654
243,149	5,395	248,544
(1,425,335)	1,425,335	-
16,879,072	1,435,112	18,314,184
4,376,124	(215,553)	4,160,571
34,140,154	1,491,981	35,632,135
\$ 38,516,278	\$ 1,276,428	\$ 39,792,706

LAVACA COUNTY, TEXAS
Balance Sheet - Governmental Funds
September 30, 2023

Exhibit 3

	Major Funds				
	General Fund	Road & Bridge Fund	COVID Recovery ARP Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and temporary investments	\$ 8,633,433	\$ 12,183,157	\$ 1,694,333	\$ 4,260,175	\$ 26,771,098
Receivables (net of allowance for uncollectibles):					
Taxes	98,412	71,294	-	-	169,706
Accounts	17,057	-	-	-	17,057
Due from other governments	-	-	-	60,052	60,052
Due from other funds	12,126	-	-	-	12,126
Total assets	<u>\$ 8,761,028</u>	<u>\$ 12,254,451</u>	<u>\$ 1,694,333</u>	<u>\$ 4,320,227</u>	<u>\$ 27,030,039</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts and accrued liabilities payable	\$ 327,301	\$ 651,992	\$ 820,027	\$ 31,826	\$ 1,831,146
Due to others	694	-	-	-	694
Unearned revenue	-	-	792,833	-	792,833
Total liabilities	<u>327,995</u>	<u>651,992</u>	<u>1,612,860</u>	<u>31,826</u>	<u>2,624,673</u>
Deferred Inflows of Resources:					
Deferred inflows of resources	78,950	57,308	-	-	136,258
Total deferred inflows of resources	<u>78,950</u>	<u>57,308</u>	<u>-</u>	<u>-</u>	<u>136,258</u>
Fund Balances:					
Restricted	-	11,545,151	81,473	4,288,401	15,915,025
Unassigned	8,354,083	-	-	-	8,354,083
Total fund balances	<u>8,354,083</u>	<u>11,545,151</u>	<u>81,473</u>	<u>4,288,401</u>	<u>24,269,108</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,761,028</u>	<u>\$ 12,254,451</u>	<u>\$ 1,694,333</u>	<u>\$ 4,320,227</u>	<u>\$ 27,030,039</u>

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

LAVACA COUNTY, TEXAS

Exhibit 3R

*Reconciliation of the Governmental Funds Balance Sheet to the Governmental
Activities Statement Of Net Position
September 30, 2023*

Total fund balance - governmental funds balance sheet (Exhibit 3) \$ 24,269,108

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds. Those assets consist of:

Capital assets	\$ 34,674,167	
Accumulated depreciation/amortization	(17,545,231)	17,128,936

Some of the County's assets are not available to pay for the current period's expenditures and therefore, are reported as unavailable revenue in the funds. These assets consist of:

Property taxes receivable	\$ 136,258	
Judicial receivables (net allowance for uncollectibles)	756,429	892,687

Some liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Deferred outflows - pension	\$ 1,893,415	
Deferred outflows - OPEB	81,743	
Accrued interest on bonds	(4,726)	
Notes payable	(687,619)	
Lease liability	(320,361)	
Compensated absences	(282,151)	
Net pension liability	(3,728,804)	
Total OPEB liability	(541,097)	
Deferred inflows - pension	(109,648)	
Deferred inflows - OPEB	(131,350)	(3,830,598)

Internal service funds are used by the County. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. Internal service net position is:

56,145

Net position of governmental activities - statement of net position (Exhibit 1) \$ 38,516,278

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

LAVACA COUNTY, TEXAS

Exhibit 4

**Statement of Revenues, Expenditures, And Change In Fund Balance - Governmental Funds
For the Year Ended September 30, 2023**

	Major Funds				
	General Fund	Road & Bridge Fund	COVID Recovery ARP Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 9,758,308	\$ 7,287,826	\$ -	\$ -	\$ 17,046,134
Other taxes	24,336	-	-	-	24,336
Intergovernmental	371,724	13,417	1,583,453	361,941	2,330,535
Charges for services	1,384,040	-	-	149,651	1,533,691
Licenses and permits	47,715	722,208	-	-	769,923
Fines and forfeitures	118,052	-	-	2,674	120,726
Investment income	331,615	423,827	67,428	128,551	951,421
Miscellaneous	147,381	96,728	-	104,566	348,675
Total revenues	<u>12,183,171</u>	<u>8,544,006</u>	<u>1,650,881</u>	<u>747,383</u>	<u>23,125,441</u>
EXPENDITURES					
Current:					
General administration	2,168,557	-	2,955	53,266	2,224,778
Judicial and legal	1,459,425	-	-	379,216	1,838,641
Financial administration	1,220,499	-	-	-	1,220,499
Public facilities	236,802	-	-	29,150	265,952
Public safety	3,663,468	-	-	46,333	3,709,801
Public transportation	-	6,525,307	-	-	6,525,307
Health and welfare	172,391	-	-	-	172,391
Conservation	137,465	-	-	-	137,465
Capital outlay	122,279	1,337,457	820,027	42,000	2,321,763
Debt service:					
Principal	46,018	79,181	327,665	-	452,864
Interest and fiscal charges	23,322	11,135	7,471	-	41,928
Total expenditures	<u>9,250,226</u>	<u>7,953,080</u>	<u>1,158,118</u>	<u>549,965</u>	<u>18,911,389</u>
Excess of revenues over expenditures	<u>2,932,945</u>	<u>590,926</u>	<u>492,763</u>	<u>197,418</u>	<u>4,214,052</u>
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	9,269	93,701	-	-	102,970
Transfers in	65,872	90,000	-	2,006,000	2,161,872
Transfers out	(3,090,000)	(71,872)	(425,335)	-	(3,587,207)
Total other financing sources (uses)	<u>(3,014,859)</u>	<u>111,829</u>	<u>(425,335)</u>	<u>2,006,000</u>	<u>(1,322,365)</u>
Net change in fund balance	(81,914)	702,755	67,428	2,203,418	2,891,687
Fund balances - beginning (restated)	<u>8,435,997</u>	<u>10,842,396</u>	<u>14,045</u>	<u>2,084,983</u>	<u>21,377,421</u>
Fund balances - ending	<u>\$ 8,354,083</u>	<u>\$ 11,545,151</u>	<u>\$ 81,473</u>	<u>\$ 4,288,401</u>	<u>\$ 24,269,108</u>

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

LAVACA COUNTY, TEXAS

Exhibit 4R

*Reconciliation Of The Statement Of Revenues, Expenditures And Change in Fund Balance -
Governmental Funds to the Governmental Activities Statement Of Activities
For the Year Ended September 30, 2023*

Net change in fund balance - total governmental funds (Exhibit 4) \$ 2,891,687

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlay	\$ 2,321,763	
Depreciation expense	(1,490,481)	831,282

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Principal payments	\$ 452,864	
Change in accrued interest	2,355	
Change in compensated absences	<u>19,217</u>	474,436

The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Net pension liability increased	\$(5,075,785)	
Deferred outflows increased	3,725	
Deferred inflows decreased	<u>5,287,564</u>	215,504

The net change in total OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Total OPEB liability decreased	\$ 118,389	
Deferred outflows decreased	(30,155)	
Deferred inflows increased	<u>(113,418)</u>	(25,184)

Because some property taxes receivable, and judicial receivables will not be collected for several months after the County's fiscal year ends, they are not considered available revenues in the governmental funds. (20,762)

Internal service funds are used by the County. The net revenue of the internal service funds are reported with the governmental activities. 9,161

Change in net position of governmental activities (see Exhibit 2) \$ 4,376,124

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

LAVACA COUNTY, TEXAS*Statement of Net Position - Proprietary Funds**September 30, 2023*

Exhibit 5

	Ambulance Fund	Internal Service Funds
Assets:		
Current Assets:		
Cash and temporary investments	\$ -	\$ 56,145
Accounts receivable	<u>445,136</u>	<u>-</u>
Total current assets	<u>445,136</u>	<u>56,145</u>
Capital Assets:		
Land	22,609	-
Buildings and improvements	675,942	-
Furniture, equipment and vehicles	1,828,649	-
Accumulated depreciation	<u>(1,437,000)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>1,090,200</u>	<u>-</u>
Total assets	<u>1,535,336</u>	<u>56,145</u>
Deferred Outflows of Resources:		
Deferred outflows of resources	<u>642,573</u>	<u>-</u>
Total deferred outflows of resources	<u>642,573</u>	<u>-</u>
Liabilities:		
Current Liabilities:		
Accounts and accrued liabilities payable	92,308	-
Due to other funds	12,126	-
Compensated absences	<u>33,389</u>	<u>-</u>
Total current liabilities	<u>137,823</u>	<u>-</u>
Noncurrent Liabilities:		
Compensated absences	14,690	-
Net pension liability	611,018	-
Net OPEB liability	<u>74,885</u>	<u>-</u>
Total noncurrent liabilities	<u>700,593</u>	<u>-</u>
Total liabilities	<u>838,416</u>	<u>-</u>
Deferred Inflows of Resources:		
Deferred inflows of resources	<u>63,065</u>	<u>-</u>
Total deferred inflows of resources	<u>63,065</u>	<u>-</u>
Net Position:		
Net investment in capital assets	1,090,200	-
Unrestricted	<u>186,228</u>	<u>56,145</u>
Total net position	<u>\$ 1,276,428</u>	<u>\$ 56,145</u>

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

LAVACA COUNTY, TEXAS

Exhibit 6

*Statement of Revenues, Expenses and Change in Net Position - Proprietary Funds
For the Year Ended September 30, 2023*

	Ambulance Fund	Internal Service Funds
Operating Revenues:		
Charges for services	\$ 1,015,593	\$ -
Contributions for self insurance	-	71,113
Miscellaneous	<u>5,395</u>	<u>-</u>
Net operating revenue	<u>1,020,988</u>	<u>71,113</u>
Operating Expenses:		
Salaries and wages	1,542,036	-
Employee benefits	538,575	-
Supplies	117,161	-
Other charges	243,947	63,803
Depreciation	<u>224,539</u>	<u>-</u>
Total operating expenses	<u>2,666,258</u>	<u>63,803</u>
Operating income (loss)	<u>(1,645,270)</u>	<u>7,310</u>
Nonoperating Revenues:		
Investment income	<u>4,382</u>	<u>1,851</u>
Total nonoperating revenues	<u>4,382</u>	<u>1,851</u>
Net income (loss) before transfers	<u>(1,640,888)</u>	<u>9,161</u>
Transfers in	<u>1,425,335</u>	<u>-</u>
Change in net position	<u>(215,553)</u>	<u>9,161</u>
Net position - beginning	<u>1,491,981</u>	<u>46,984</u>
Net position - ending	<u>\$ 1,276,428</u>	<u>\$ 56,145</u>

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

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LAVACA COUNTY, TEXAS**Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2023**

Exhibit 7

	Ambulance Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash flows received from customers and others	\$ 969,201	\$ -
Cash receipts from interfund services provided	-	71,113
Cash received from other funds	12,126	
Cash paid to and on behalf of employees	(2,110,477)	-
Cash paid to suppliers and others	(355,367)	(63,803)
Net cash provided (used) by operating activities	(1,484,517)	7,310
Cash Flows from Noncapital and Financing Activities:		
Transfers from other funds	1,425,335	-
Net cash provided by noncapital financing activities	1,425,335	-
Cash Flows From Capital and Financing Activities:		
Acquisition of capital assets	(179,817)	-
Net cash used by capital financing activities	(179,817)	-
Cash Flows From Investing Activities:		
Investment income	4,382	1,851
Net cash provided by investment activities	4,382	1,851
Net change in cash and temporary investments	(234,617)	9,161
Cash and temporary investments - beginning	234,617	46,984
Cash and temporary investments - ending	\$ -	\$ 56,145
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Activities:		
Operating income (loss)	\$(1,645,270)	\$ 7,310
Depreciation	224,539	-
Changes in Assets and Liabilities:		
(Increase) Decrease In:		
Accounts receivable	(51,787)	-
Pension and OPEB deferred outflows	(256,659)	-
Increase (Decrease) In:		
Accounts and accrued liabilities payable	71,876	-
Due to other funds	12,126	-
Compensated absences	7,052	-
Total OPEB liability	(32,330)	-
Net pension liability/(asset)	1,386,064	-
Pension and OPEB deferred inflows	(1,200,128)	-
Net cash provided (used) by operating activities	\$(1,484,517)	\$ 7,310

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

LAVACA COUNTY, TEXAS
Statement of Fiduciary Net Position
September 30, 2023

Exhibit 8

	Private- Purpose Trust Fund	Custodial Funds
Assets		
Cash and temporary investments	\$ <u>80,635</u>	\$ <u>1,351,263</u>
Total assets	<u>80,635</u>	<u>1,351,263</u>
Liabilities:		
Held for others	<u>224</u>	<u>-</u>
Total liabilities	<u>224</u>	<u>-</u>
Net Position:		
Held in trust for historical commission	80,411	-
Individuals, organizations and other governments	<u>-</u>	<u>1,351,263</u>
Total net position	\$ <u><u>80,411</u></u>	\$ <u><u>1,351,263</u></u>

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

LAVACA COUNTY, TEXAS

Exhibit 9

*Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended September 30, 2023*

	Private- Purpose Trust Fund	Custodial Funds
Additions:		
Held for others	\$ 13,785	\$ 59,240,389
Investment income	<u>2,403</u>	<u>5,805</u>
Total additions	<u>16,188</u>	<u>59,246,194</u>
Deductions:		
Distribution to others	10,548	4,301,007
Payments to other governments	<u>-</u>	<u>55,688,416</u>
Total deductions	<u>10,548</u>	<u>59,989,423</u>
Change in net position	5,640	(743,229)
Net position - beginning	<u>74,771</u>	<u>2,094,492</u>
Net position - ending	<u>\$ 80,411</u>	<u>\$ 1,351,263</u>

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

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LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023*

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LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lavaca County, Texas (the "County") was established in 1846 by the Republic of Texas. Commissioners Court is the level of government which has oversight responsibility and control over all activities of the County. The Commissioners Court is composed of four commissioners, each elected from the four precincts in the County and the County Judge elected from the entire County. The members are elected by the public and have decision making authority, the power to designate management, the ability to influence operations and primary accountability for fiscal matters.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted account principles. Based upon the application of these criteria, the following is a brief review addressed in defining the County's reporting entity.

Financial accountability - The primary government is deemed to be financially accountable if it appoints a voting majority of an Organization's governing body and 1) is able to impose its will on that Organization or 2) there is a potential for the Organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an Organization is fiscally dependent on the primary government, regardless of whether the Organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. For the most part, interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County has no business-type activities.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County has one enterprise fund.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Revenues from property and other taxes, grants and contracts, fees (charges for services), fines (including forfeitures), and interest associated with the current fiscal period are all considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

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

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

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The County has presented the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

The *Road & Bridge Fund* is a special revenue fund that accounts for property taxes, fees from auto registration, certificates of title, and gross weight and axle fees, and approved expenditures for public transportation projects.

The *Covid Recovery ARP Fund* is the County's fund used to account for federally sourced revenue used to replace County revenue lost due to the COVID-19 public health emergency.

The County has presented the following major proprietary fund:

The *Ambulance Fund* is an enterprise fund used to account for the emergency medical services operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing services be financed primarily through user charges, or where periodic determination of net income is appropriate. Activities of the fund include administration, operations and maintenance for the emergency medical services and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest. All costs are financed through charges to emergency medical services customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

The County reports the following fiduciary funds:

The *Historical Commission Fund* is a private purpose trust fund, which accounts for revenues, publication sales, and private donations used by the Historical Commission Board of Directors to preserve Lavaca County's heritage.

The *custodial funds* account for assets that the government holds on behalf of others as their agent. The County's custodial funds include County Attorney, County Clerk, District Clerk, Sheriff, and Tax Collector funds.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" was issued in March 2020. The statement was implemented and did not have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96 "Subscription-Based Information Technology Arrangements" was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 99 "Omnibus 2022" was issued in April 2022. The statement was implemented and did not have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 100 "Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62" was issued in June 2022. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 101 "Compensated Absences" was issued in June 2022. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

Budgetary Data

The budget law of the State of Texas provides that amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in the funds, plus the anticipated revenues for the current year as estimated by the County Auditor. The legal level of budgetary control is at the category or line item level (salaries and wages and employee benefits, and operating expenditures) within departments of each fund. Any expenditure, which alters the total budgeted amounts of a fund must be approved by Commissioners Court, and the budget amended. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Annual appropriated budgets are adopted for the General Fund and certain special revenue funds (Road & Bridge Fund, Appellate Judicial System Fee Fund, County Attorney Pretrial Fee Fund, Task Force Indigent Defense Fund, Justice Court Building Security Fund, County Clerk Digital Preserve Fund, District Clerk Digital Preserve Fund, County Clerk Technology Fund, District Clerk Technology Fund, District Clerk Archive Fund, Justice Court Technology Fund, County Clerk Records Management Fund, District Clerk Records Management Fund, Jury Service Fund, Courthouse Records Management Fund, Courthouse Security Fund, Records Archive Fund, Law Library Fund and Attorney Hot Check Collection Fund).

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - Continued

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

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

The appropriated budget is prepared by fund, department and category. Any transfers of appropriations are first approved by the Commissioners Court. Department heads may approve line item transfers for expenditures of their respective department. However, no amendments for the personnel services category may be made without Commissioners Court approval to the total budget. Thus, the legal level of budgetary control is at the personnel services category level within each department and the department level overall. Expenditures can exceed appropriations as long as they do not exceed the available revenues and cash balances.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized. Encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of September 30, 2023, the County had no encumbrances outstanding.

Cash and Investments

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the County. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. In accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value.

The County maintains cash that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and temporary investments under each fund's caption. Funds are allowed to exceed the amount of their equity in the pooled cash account. Funds with overdrawn accounts are disclosed as an interfund payable in the liability section of the balance sheet.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

Property taxes are levied as of October 1st of each year with statements prepared and mailed at that date or soon thereafter. The tax levy is based upon appraised property values as of each previous January 1st for all taxable property within the County. Payments are due and payable when taxes are levied and may be timely paid through January 31st. On February 1st, taxes become delinquent and subject to penalty and interest charges. After June 30th, any uncollected taxes are subject to tax suit and additional charges to offset related legal costs. The lien date for property taxes is July 1st.

The appraisal of property within the County is the responsibility of the Lavaca County Appraisal District. The Texas Legislature established the Appraisal District and the related Appraisal Review Board in 1979 through the adoption of a comprehensive Property Tax Code. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Real property is reappraised at least every four years. Under certain circumstances, taxpayers and taxing units including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Under the Code, the Commissioners Court will continue to set annual tax rates on the property. The Code also provides that, if approved by the qualified voters in the Appraisal District, collection functions may be placed with the Appraisal District. The County bills and collects its property taxes and those of certain other taxing entities. Collections of those taxes pending distribution are accounted for in a custodial fund.

The County is permitted by Article VIII, Section 9 of the State of Texas Constitution to levy taxes up to \$ 0.80 per \$ 100 assessed valuation for general governmental services including payment of principal and interest on general long-term debt and maintenance of roads and bridges. Article 6790 of Vernon's Civil Statutes permits the County to collect an additional \$ 0.15 per \$ 100 valuation for road and bridge purposes. Article 7048a of Vernon's Civil Statutes permits the County to collect \$ 0.30 per \$ 100 valuation for road, bridge and flood control purposes.

The County's 2022 tax levy, supporting the 2023 fiscal period budget, totaled \$ 0.5239 per \$ 100 valuation and was comprised as follows:

General Fund	\$	0.2998
Road and Bridge Funds		<u>0.2241</u>
Combined tax rate	\$	<u><u>0.5239</u></u>

Interfund 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 non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The County had no advances between funds. All activity between funds was for short-term cash flow requirements.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories and Prepaid Items

The County utilizes the consumption method to account for inventory and prepaid expenditures. Under this method, inventory and prepaid expenditures are considered an expenditure when used rather than when purchased. Significant inventories are reported on the balance sheet at cost, using the first-in, first-out method, with an offsetting reservation of fund balance in the governmental fund financial statements since they do not constitute "available spendable resources" even though they are a component of current assets. Inventories in the governmental funds are comprised of road materials, bulk fuel, parts, and chemicals. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide and prepaid expenditures in the fund financial statements.

Capital Assets

Capital assets, which include land, construction in progress, vehicles and equipment, buildings and improvements, and right to use leased assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their acquisition value on the date of donation. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended September 30, 2023, no capitalized interest was included in the cost of capital assets under construction.

Assets capitalized have an original cost of \$ 5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Leased assets are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings and improvements	20-40 Years
Furniture, equipment and vehicles	3-10 Years
Right to use leased assets	3 Years

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability is matured as a result of employee resignation or retirement.

Accumulated sick leave lapses when employees leave the employ of the county and, upon separation from service, no monetary obligation exists.

The liability for compensated absences disclosed in the financial statements represents accumulated vacation and compensatory time at September 30, 2023, computed at pay rates in effect at that time was \$ 282,151 for governmental activities and \$ 48,079 for business-type activities.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Leases

Lessee: The county is a lessee for noncancellable leases. The County recognizes a lease liability and a right to use leased asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$ 5,000 or more.

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

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

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pension Plans

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.

Other Post-Employment Benefits

The County has a defined benefit group-term life insurance plan administered by TCERS. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense have been determined on the same basis as they are reported by the plans. For this purpose, the plans recognize benefit payments when due and payable in accordance with the benefit terms.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as interest and fiscal charge expenses.

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 the debt is reported as other financing resources. 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.

Fund Balance

The County's Commissioners Court meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The County's unassigned General Fund Balance is maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the County's Commissioners Court. Fund Balance of the County may be committed for a specific source by formal action of the County's Commissioners Court. Amendments or modifications of the committed fund balance must also be approved by formal action by the County's Commissioners Court. When it is appropriate for fund balance to be assigned, the County's Commissioners Court has delegated authority to the County Judge or the County Auditor. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended are as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

The *nonspendable* fund balance includes a portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories, prepaid expenditures and long-term receivables.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, and contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the County to access, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation. The County's fee revenue generated through enabling legislations include auto registration fees, birth/death certificate fees, adult bond supervision fees, child abuse protection fees, court technology fees, election service fees, family protection fees, financial security fees, juvenile case management fees, law library fees, records archive fees, and records management and preservation fees reported under Non-Major Special Revenue Funds, and auto registration fees, certificates of title, and gross weight and axle fees reported under the Road & Bridge Precinct Funds.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Commissioners Court actions, no later than the close of the fiscal year. These actions must be in the form of a resolution approved by Commissioners Court. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources. At September 30, 2023, there are no committed fund balances.

The *assigned* fund balance includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by Commissioners Court or its designated officials to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Commissioners Court actions. At September 30, 2023, there are no assignments of fund balance.

The *unassigned* Fund Balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes. The general fund is the only fund that reports a positive unassigned fund balance amount.

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****Fund Balance - Continued**

The following schedule presents details of fund balance components at September 30, 2023:

	<u>Major Funds</u>			<u>Non-Major Funds</u>	
	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>COVID Recovery ARP Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance:					
Restricted					
Capital projects	\$ -	\$ -	\$ -	\$ 2,732,508	\$ 2,732,508
Court improvements and operations	-	-	-	41,201	41,201
Family protection services	-	-	-	19,414	19,414
Federal grants	-	-	81,473	-	81,473
Legal services	-	-	-	169,325	169,325
Library services	-	-	-	119,134	119,134
Public safety	-	-	-	649,660	649,660
Public transportation projects	-	11,545,151	-	-	11,545,151
Records management	-	-	-	523,737	523,737
State grants and appropriations	-	-	-	33,422	33,422
Unassigned	<u>8,354,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,354,083</u>
Total fund balance	<u>\$ 8,354,083</u>	<u>\$ 11,545,151</u>	<u>\$ 81,473</u>	<u>\$ 4,288,401</u>	<u>\$ 24,269,108</u>

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net investment in capital assets	\$ 18,853,464	\$ 1,090,200	\$ 19,943,664
Restricted:			
Court improvements and operations	41,201	-	41,201
Family protection services	19,414	-	19,414
Federal grants	81,473	-	81,473
Legal services	169,325	-	169,325
Library services	119,134	-	119,134
Public safety	649,660	-	649,660
Public transportation projects	11,602,459	-	11,602,459
Records management	523,737	-	523,737
State grants and appropriations	33,422	-	33,422
Unrestricted	<u>6,422,989</u>	<u>186,228</u>	<u>6,609,217</u>
Total net position	<u>\$ 38,516,278</u>	<u>\$ 1,276,428</u>	<u>\$ 39,792,706</u>

NOTE 2 - DEPOSITS AND INVESTMENTS

The County classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less. Investments are classified as either short-term investments or investments. Short-term investments have a maturity of one year or less and investments are those that have a maturity of one year or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to them. The County requires that all deposits with financial institutions be collateralized in an amount equal to 110 percent of uninsured balances.

At year-end, the carrying amount of the County's financial institution deposits, was \$ 28,259,141, while the financial institution balances totaled \$ 28,423,667. Of these balances, \$ 250,000 was covered by federal depository insurance coverage and \$ 28,173,667 was covered by collateral held by the County's agent in the County's name.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under a written investment policy. The investment policy primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and also addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain instruments allowed under the Public Funds Investment Act.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

The County's investment policy authorizes the County to invest in 1) obligations of the United States or its agencies and instrumentalities; 2) direct obligations of the State of Texas or its agencies; 3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; 4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; 5) certificates of deposit by state and national banks domiciled in the state that are guaranteed or insured by the Federal Deposit Insurance Corporation or secured by obligations that are described in 1) through 4); 6) money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less; 7) eligible investment pools organized and operating in compliance with the Public Funds Investment Act that have been authorized by Commissioners Court, and whose investment philosophy and strategy are consistent with the Policy and the County's ongoing investment strategy.

The County's Investment Officer submits an investment report quarterly to Commissioners Court. The report details the investment position and transactions of the County and the compliance of the investment portfolio as it relates to both the adopted investment strategy and Texas state law.

For the year ending September 30, 2023, the County did not have any investments.

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES

Receivables and Allowances

Receivables as of September 30, 2023, for the government's individual governmental major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Total
	General Fund	Road & Bridge Fund	Other Governmental Funds	Governmental Funds
Receivables:				
Property taxes	\$ 280,345	\$ 189,768	\$ -	\$ 470,113
Due from other governments	-	-	60,052	60,052
Gross receivables	280,345	189,768	60,052	530,165
Less Allowance for Uncollectible:				
Property taxes	181,933	118,474	-	300,407
Net total receivables	\$ 98,412	\$ 71,294	\$ 60,052	\$ 229,758

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued**Receivables and Allowances - Continued

	Proprietary Funds Ambulance Fund
Receivables:	
Accounts	\$ <u>684,824</u>
Gross receivables	684,824
Less Allowance for Uncollectibles:	
Accounts	<u>239,688</u>
Net total receivables	\$ <u><u>445,136</u></u>

Receivables From Other Governments

The County participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the County receives entitlements from the State through the legislative actions and taxes collected by the State on behalf of the County (other taxes). All federal grants shown below are either direct or passed through state or local agencies and are reported on the financial statements as due from other governments.

Amounts due from federal and state as of September 30, 2023 are summarized below:

	State Grants	Total
Non-major governmental funds	\$ <u>60,052</u>	\$ <u>60,052</u>
Total	\$ <u><u>60,052</u></u>	\$ <u><u>60,052</u></u>

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued**Judicial Receivables

Judicial receivables are reported in the governmental activities statement of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to the County's various court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The following is a summary of the receivable and allowance for uncollectible as of September 30, 2023:

	Governmental Activities		
	Judicial Receivable	Allowance for Uncollectible Accounts	Net Receivable
Judicial Receivables:			
Justice of the peace	\$ 1,185,103	\$ 592,552	\$ 592,551
County courts	151,120	75,560	75,560
District courts	<u>176,637</u>	<u>88,319</u>	<u>88,318</u>
Total	<u>\$ 1,512,860</u>	<u>\$ 756,431</u>	<u>\$ 756,429</u>

Governmental Funds

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2023, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Major Funds			Total
	General Fund	Road & Bridge Fund	COVID Recovery ARP Funds	
Deferred Inflows of Resources:				
Delinquent property taxes receivable	\$ <u>78,950</u>	\$ <u>57,308</u>	\$ -	\$ <u>136,258</u>
	\$ <u>78,950</u>	\$ <u>57,308</u>	\$ -	\$ <u>136,258</u>
Unearned Revenue:				
Federal grants	\$ -	\$ -	\$ <u>792,833</u>	\$ <u>792,833</u>
	\$ -	\$ -	\$ <u>792,833</u>	\$ <u>792,833</u>

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued**Governmental Activities

Governmental activities defer the recognition of pension expense for contributions made from the measurement date to the current year-end of September 30, 2023 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

	Proprietary Fund Ambulance Fund
Deferred Outflows of Resources:	
Pension Related:	
Changes in assumptions	\$ 92,808
Differences between expected and actual experience	1,663
Net difference between expected and actual investment earnings	340,964
Subsequent contributions	192,042
OPEB Related:	
Changes in assumptions	8,302
Differences between expected and actual experience	5,080
Subsequent contributions	<u>1,714</u>
	<u>\$ 642,573</u>
Deferred Inflows of Resources:	
Pension Related:	
Changes in assumptions	\$ 14,441
Difference between expected and actual experience	13,457
OPEB Related:	
Changes in assumptions	34,535
Difference between expected and actual experience	<u>632</u>
	<u>\$ 63,065</u>

As of September 30, 2023, the various components of deferred inflows and outflows of resources reported in the governmental and business-type activities were as follows:

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued**Deferred Outflows and Inflows of Resources and Unearned Revenue - Continued

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Related:					
Changes in assumptions	\$ 589,610	\$ 56,556	\$ -	\$ 92,808	\$ 14,441
Differences between expected and actual experience	6,513	53,092	-	1,663	13,457
Net difference between expected and actual investment earnings	594,032	-	-	340,964	-
Subsequent contributions	703,260	-	-	192,042	-
OPEB Related:					
Changes in assumptions	55,374	126,467	-	8,302	34,535
Differences between expected and actual experience	19,657	4,883	-	5,080	632
Subsequent contributions	6,712	-	-	1,714	-
Unearned Revenue:					
Federal grants	-	-	792,833	-	-
	<u>\$ 1,975,158</u>	<u>\$ 240,998</u>	<u>\$ 792,833</u>	<u>\$ 642,573</u>	<u>\$ 63,065</u>

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2023 consisted of the following individual fund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>9-30-23</u>
General	Ambulance	\$ 12,126
Total		<u>\$ 12,126</u>

Interfund transfers for the year ended September 30, 2023 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>9-30-23</u>
General	Road & Bridge	\$ 90,000
General	Other governmental	2,000,000
General	Ambulance	1,000,000
Road & Bridge	General	65,872
Road & Bridge	Other governmental	6,000
COVID Recovery ARP	Ambulance	425,335
Total		<u>\$ 3,587,207</u>

The Commissioners Court approved these transfers, as transfers of operational funds to cover planned expenditures/expenses.

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 5 - CAPITAL ASSETS**Capital Transactions

	Balance 10-01-22	Additions	Retirements	Balance 09-30-23
Governmental Activities:				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 487,447	\$ -	\$ -	\$ 487,447
Construction in progress	<u>1,058,150</u>	<u>820,027</u>	<u>-</u>	<u>1,878,177</u>
Total capital assets not being depreciated/amortized	<u>1,545,597</u>	<u>820,027</u>	<u>-</u>	<u>2,365,624</u>
Capital Assets, Being Depreciated/Amortized:				
Buildings and improvements	14,725,426	-	-	14,725,426
Furniture, equipment and vehicles	12,117,709	1,501,736	-	13,619,445
Infrastructure	2,980,510	-	-	2,980,510
Right to use leased assets	<u>983,162</u>	<u>-</u>	<u>-</u>	<u>983,162</u>
Total capital assets being depreciated/amortized	<u>30,806,807</u>	<u>1,501,736</u>	<u>-</u>	<u>32,308,543</u>
Less Accumulated Depreciation/Amortization For:				
Buildings and improvements	4,976,183	368,136	-	5,344,319
Furniture, equipment and vehicles	7,770,336	794,625	-	8,564,961
Infrastructure	2,980,510	-	-	2,980,510
Right to use leased assets	<u>327,721</u>	<u>327,720</u>	<u>-</u>	<u>655,441</u>
Total accumulated depreciation/amortization	<u>16,054,750</u>	<u>1,490,481</u>	<u>-</u>	<u>17,545,231</u>
Total capital assets being depreciated/amortized, net	<u>14,752,057</u>	<u>11,255</u>	<u>-</u>	<u>14,763,312</u>
Governmental activities capital assets, net	<u>\$ 16,297,654</u>	<u>\$ 831,282</u>	<u>\$ -</u>	<u>\$ 17,128,936</u>

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 5 - CAPITAL ASSETS - Continued**Capital Transactions - Continued

	Balance 10-01-22	Additions	Retirements	Balance 09-30-23
Business-type Activities:				
Ambulance Fund:				
Capital Assets, Not Being Depreciated:				
Land	\$ 22,609	\$ -	\$ -	\$ 22,609
Total capital assets not being depreciated	22,609	-	-	22,609
Capital Assets, Being Depreciated:				
Buildings and improvements	675,942	-	-	675,942
Furniture, equipment and vehicles	1,648,832	179,817	-	1,828,649
Total capital assets being depreciated	2,324,774	179,817	-	2,504,591
Less Accumulated Depreciation For:				
Buildings and improvements	255,470	16,899	-	272,369
Furniture, equipment and vehicles	956,991	207,640	-	1,164,631
Total accumulated depreciation	1,212,461	224,539	-	1,437,000
Total capital assets being depreciated, net	1,112,313	(44,722)	-	1,067,591
Ambulance capital assets, net	\$ 1,134,922	\$ (44,722)	\$ -	\$ 1,090,200

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 5 - CAPITAL ASSETS - Continued

Depreciation/Amortization

Depreciation/amortization expense was charged as direct expense to functional categories of the County as follows:

	<u>09-30-23</u>
Governmental Activities:	
General administration	\$ 571,909
Judicial and legal	5,517
Financial administration	9,349
Public facilities	91,683
Public safety	263,111
Public transportation	547,732
Conservation	<u>1,180</u>
	<u>\$ 1,490,481</u>
Business-type Activities:	
Ambulance	<u>\$ 224,539</u>

Construction Commitments

As of September 30, 2023, the County did not have any construction commitments.

NOTE 6 - LONG-TERM DEBT

Notes Payable

On March 24, 2015, the County entered into an Emergency Conservation Project in the amount of \$ 733,029. This note provided funds to acquiring, constructing, and equipping additions, improvements, extensions and equipment for the County's Emergency Conservation Project. The note will yield an interest rate of 4.39% with a maturity of March 24, 2030.

On April 1, 2020, the County entered in a note payable in the amount of \$ 241,027. The proceeds of this note were used to purchase equipment. This note will yield an interest rate of 3.35% with a maturity of April 8, 2025.

On August 9, 2022, the County entered in a note payable in the amount of \$ 132,215. The proceeds of this note were used to purchase equipment. This note will yield an interest rate of 4.61% with a maturity of August 9, 2026.

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 6 - LONG-TERM DEBT - Continued**

Aggregate maturities of this note payable for the years subsequent to September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 133,386	\$ 29,393	\$ 162,779
2025	142,013	23,982	165,995
2026	97,193	18,958	116,151
2027	68,572	13,830	82,402
2028	75,098	10,819	85,917
2029-2030	<u>171,357</u>	<u>11,445</u>	<u>182,802</u>
	<u>\$ 687,619</u>	<u>\$ 108,427</u>	<u>\$ 796,046</u>

Changes in Long-Term Debt

Transactions for the year ended September 30, 2023 are summarized as follows:

	<u>Balance 10-01-22</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 09-30-23</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes payable	\$ 812,818	\$ -	\$ 125,199	\$ 687,619	\$ 133,386
Lease liability	648,026	-	327,665	320,361	320,361
Net pension liability	-	8,792,623	5,063,819	3,728,804	-
Total OPEB liability	659,486	53,655	172,044	541,097	-
Compensated absences	<u>301,368</u>	<u>289,895</u>	<u>309,112</u>	<u>282,151</u>	<u>268,538</u>
Total governmental activities	<u>\$ 2,421,698</u>	<u>\$ 9,136,173</u>	<u>\$ 5,997,839</u>	<u>\$ 5,560,032</u>	<u>\$ 722,285</u>
Business-Type Activities:					
Net pension liability	\$ -	\$ 1,993,819	\$ 1,382,801	\$ 611,018	\$ -
Total OPEB liability	107,215	14,651	46,981	74,885	-
Compensated absences	<u>41,027</u>	<u>40,441</u>	<u>33,389</u>	<u>48,079</u>	<u>33,389</u>
Total business-type activities	<u>\$ 148,242</u>	<u>\$ 2,048,911</u>	<u>\$ 1,463,171</u>	<u>\$ 733,982</u>	<u>\$ 33,389</u>

Compensated absences, net pension liability and total OPEB liability are payable by the fund in which the individual positions are budgeted.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 7 - LEASES

In July 2021, the County entered into a three year lease agreement for the lease of radio equipment. Based on this agreement, the County is required to make annual payments of \$ 335,136. There are no renewal options included in this lease agreement and the County will not purchased the radio equipment at the end of the lease term. An initial lease liability was recorded in the amount of \$ 983,162 using 2.28% discount rate during the current fiscal year.

The future principal and interest lease payments as of September 30, 2023 were as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ <u>320,361</u>	\$ <u>14,775</u>	\$ <u>335,136</u>
	\$ <u>320,361</u>	\$ <u>14,775</u>	\$ <u>335,136</u>

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN

Plan Description - The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 850 non-traditional defined benefit plans. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 79768-2034.

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

All eligible employees of the County are required to participate in TCDRS.

The plan provisions are adopted by Commissioner's Court of the County, within the options available in the state statutes governing TCDRS. Plan provisions for the County were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2022</u>
Employee deposit rate	7.00%	7.00%
Employer deposit rate	17.00%	17.00%
Matching ratio (County to employee)	2 to 1	2 to 1
Years required for vesting	8	8
Service retirement eligibility (expressed as age/years of service)	60/8, 0/30	60/8, 0/30

LAVACA COUNTY, TEXAS

*Notes to the Financial Statements
For The Year Ended September 30, 2023*

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Employees Covered by Benefit Terms:

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

Inactive employees or beneficiaries currently receiving benefits	168
Inactive employees entitled to but not yet receiving benefits	196
Active employees	<u>201</u>
	<u>565</u>

Contributions - The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee compensation, and the employer matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the employer. Under the state laws governing TCDRS, the contribution rate for each employer is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. Participating employers are required to contribute at the 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.

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 costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

Employees of the County were required to contribute 7.00% of their annual compensation during the fiscal year. The County's required contribution rates of 15.28% and 16.42% in calendar years 2023 and 2022, respectively. The County's contributions to TCDRS for the year ended September 30, 2023 were \$ 1,164,074.

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

Actuarial Assumptions:

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

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

LAVACA COUNTY, TEXAS

*Notes to the Financial Statements
For The Year Ended September 30, 2023*

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Except where indicated in the section of this GASB 68 report entitled “Actuarial Methods and Assumptions Used for GASB Calculations”, the assumptions used in this analysis for the December 31, 2022 financial reporting metrics are the same as those used in the December 31, 2022 actuarial valuation analysis for the County.

Following is a description of the assumptions used in the December 31, 2022 actuarial valuation analysis for the County. This information may also be found in the Lavaca County December 31, 2022 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.50% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.50% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.70% per year for a career employee.

Employer Specific Economic Assumptions

Growth in membership	0.00%
Payroll growth	3.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

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 are based on January 2023 information for a 10-year time horizon.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

The valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All 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 for the asset class minus the assumed inflation rate of 2.30%, 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 years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate - The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not include in (1), calculated using the municipal bond rate.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future value, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a)-(b)
Balance as of December 31, 2021	\$ 54,139,303	\$ 56,261,330	\$ (2,122,027)
Changes for the Year:			
Service cost	1,242,286	-	1,242,286
Interest on total pension liability ⁽¹⁾	4,096,732	-	4,096,732
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(74,828)	-	(74,828)
Effect of assumptions changes or inputs	-	-	-
Refunds of contributions	(125,304)	(125,304)	-
Employer contributions	-	1,510,614	(1,510,614)
Member contributions	-	622,019	(622,019)
Net investment income	-	(3,223,344)	3,223,344
Benefit payment,	(2,884,232)	(2,884,232)	-
Administrative expense	-	(30,505)	30,505
Other changes ⁽³⁾	-	(76,443)	76,443
Balance as of December 31, 2022	<u>\$ 56,393,957</u>	<u>\$ 52,054,135</u>	<u>\$ 4,339,822</u>

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

	1% Decrease In Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase In Discount Rate (8.60%)
Total pension liability	\$ 63,014,798	\$ 56,393,957	\$ 50,791,951
Fiduciary net position	<u>52,054,135</u>	<u>52,054,135</u>	<u>52,054,135</u>
Net pension liability / (asset)	<u>\$ 10,960,663</u>	<u>\$ 4,339,822</u>	<u>\$ (1,262,184)</u>

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued**

	Year Ended 12-31-22
<i>Pension Expense:</i>	
Service cost	\$ 1,242,286
Interest on total pension liability ⁽¹⁾	4,096,732
Administrative expenses	30,505
Member contributions	(622,019)
Expected investment return net of investment expenses	(4,239,159)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(85,261)
Recognition of assumption changes or inputs	611,419
Recognition of investment gains or losses	96,834
Other ⁽²⁾	<u>76,444</u>
Pension expense	<u>\$ 1,207,781</u>

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

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

Deferred Inflows and Outflows - At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 8,176	\$ 66,549
Net difference between projected and actual investment earnings	934,996	-
Changes in assumptions	682,418	70,997
Contributions subsequent to the measurement date ⁽³⁾	<u>895,302</u>	<u>-</u>
Totals	<u>\$ 2,520,892</u>	<u>\$ 137,546</u>

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 expenses as follows:

Year Ended September 30,	
2024	\$ (82,500)
2025	(60,280)
2026	138,325
2027	1,492,499
2028	-
Thereafter ⁽⁴⁾	-

⁽³⁾ Any eligible employer contributions were made subsequent to the measurement date through the employer's fiscal year end, the employer should reflect these contributions, adjusted as outlined in GASB No. 71.

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

LAVACA COUNTY, TEXAS

*Notes to the Financial Statements
For The Year Ended September 30, 2023*

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description - The County participates in the retiree Group Term Life program (GTL) for the Texas County & District Retirement System (TCDRS), which is a defined benefits group term life insurance plan. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. As the GTL program covers both active and retiree participants, with no segregation of asset, the GTL program is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75)

Benefits Provided - The plan provides a \$ 5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The death benefit for retirees is considered an other post-employment benefit and is a fixed amount of \$ 5,000.

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	145
Inactive employees entitled to but not yet receiving benefits	50
Active employees	<u>201</u>
	<u>396</u>

Contributions - For GASB 75 purposes, the TCDRS GTL plan is not a cost sharing plan as the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions. Employers in the TCDRS GTL program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contribution associated with retiree coverage are included under GASB 75.

The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$ 5,000. Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

The retiree portion of contribution rates to the TCDRS GTL plan for the County was 0.16% and 0.20% in calendar years 2023 and 2022, respectively. The County's contributions to the TCDRS GTL plan for the year ended September 30, 2023 were \$ 11,588.

Total OPEB Liability - The County's total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

The discount rate used to measure the TCDRS OPEB liability was 3.72% and was based on the 20 year bond GO index published by bondbuyer.com as of December 31, 2022.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Mortality rates for depositing members were 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Mortality rates for service retirees, beneficiaries and non-depositing members were 135% of Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Mortality rates for disabled retirees were 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actual experience study for the period January 1, 2017 through December 31, 2020.

Changes in the Total OPEB Liability

Balance as of December 31, 2021	\$	766,701
Changes for the Year:		
Service cost		28,094
Interest on total OPEB liability ⁽¹⁾		16,191
Changes of benefit terms ⁽²⁾		-
Effect of economic/demographic experience		24,021
Effect of assumptions changes or inputs ⁽³⁾	(201,253)
Benefit payments	(17,772)
Other		-
		<u>-</u>
Balance as of December 31, 2022	\$	<u>615,982</u>

⁽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⁾ Reflects change in discount rate.

Sensitivity Analysis - The following presents the total OPEB liability of the County, calculated using the discount rate of 3.72%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate of 1 percentage-point lower (2.72%) or 1 percentage-point higher (4.72%) than the current rate:

	1% Decrease In Discount Rate (2.72%)	Discount Rate (3.72%)	1% Increase In Discount Rate (4.72%)
Total OPEB Liability	\$ <u>727,043</u>	\$ <u>615,982</u>	\$ <u>528,572</u>

LAVACA COUNTY, TEXAS*Notes to the Financial Statements**For The Year Ended September 30, 2023***NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued**

	Year Ended 12-31-22
<i>OPEB Expense:</i>	
Service cost	\$ 28,094
Interest on total pension liability ⁽¹⁾	16,191
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	5,138
Recognition of assumption changes or inputs	(4,289)
Other	<u>-</u>
OPEB expense	<u>\$ 45,134</u>

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

Deferred Inflows and Outflows - At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 24,737	\$ 5,515
Changes in assumptions	63,676	161,002
Contributions subsequent to the measurement date	<u>8,426</u>	<u>-</u>
Totals	<u>\$ 96,839</u>	<u>\$ 166,517</u>

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 expenses as follows:

Year Ended September 30,	
2024	\$ 8,211
2025	(19,199)
2026	(31,672)
2027	(35,444)
2028	-
Thereafter ⁽²⁾	-

⁽²⁾ Total remaining balance to be recognized in future years, if any. Note that additional deferred inflows and outflows of resources may impact these numbers.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 10 - SELF INSURANCE

Workers Compensation

The County replaced their workers' compensation insurance policy with a self-insured plan that is managed by an independent third party administrator. Claims are evaluated and administered by this third party administrator and paid by the County. Claims administration has been provided by Texas Association of Counties Risk Management Pool during the year ended September 30, 2023.

The accrued liability for Workers' Compensation self-insurance of \$-0- includes estimated incurred but not reported claims. This liability reported in the fund at September 30, 2023, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

Changes in the workers' compensation claims liability amounts in fiscal 2021-2022 and 2022-2023 are represented below:

	Beginning of Fiscal-Year/ Period Liability	Current-Year/ Period Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year/ Period-End
2021-2022 Workers Compensation	\$ -	\$ 68,477	\$ 68,477	\$ -
2022-2023 Workers Compensation	-	63,803	63.803	-

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, business interruption, errors and omissions, injuries to employees, employee health benefits and other claims of various natures. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (the "Pool") which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported from unsettled or incurred but not reported, are believed to be insignificant to the County's basic financial statement. For the year ended September 30, 2023, there were no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage. Any losses reported but unsettled or incurred and not reported are believed to be insignificant to the County's basic financial statements.

LAVACA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2023

NOTE 12 - GRANTS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2023, the County applied for and received federal and state grants related to various activities. The operations of these grants are reported in the general fund and various special revenue funds. For the most part, these grants are reimbursement type grants and, therefore, revenues equal expenditures. Grant revenues are classified as intergovernmental revenues. The federal financial assistance programs are covered by the requires of the Single Audit Act and the Uniform Guidance.

The state financial assistance programs are covered by the State of Texas Grant Management Standards. A single audit was performed on the federal financial assistance programs as the federal financial assistance programs met the \$ 750,000 threshold. A single audit was not performed on the state financial assistance programs as the state financial assistance programs did not meet the \$ 750,000 threshold.

NOTE 13 - CONTINGENCIES

The County is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. Such lawsuits include various civil claims that are currently between the stages of discovery and pleadings. The outcome of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not expected to have a material effect on the financial condition of the County. The County does not have any contingent estimated liability as of September 30, 2023.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through May 29, 2024, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

LAVACA COUNTY, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget And Actual - General Fund and Road & Bridge Fund For the Year Ended September 30, 2023

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Property taxes	\$ 9,880,021	\$ 9,880,021	\$ 9,758,308	\$(121,713)
Other taxes	10,000	10,000	24,336	14,336
Intergovernmental	97,900	97,900	371,724	273,824
Charges for services	1,056,300	1,056,300	1,384,040	327,740
Licenses and permits	43,500	43,500	47,715	4,215
Fines and forfeitures	155,700	155,700	118,052	(37,648)
Investment income	32,100	32,100	331,615	299,515
Miscellaneous	78,225	78,225	147,381	69,156
Total revenues	<u>11,353,746</u>	<u>11,353,746</u>	<u>12,183,171</u>	<u>829,425</u>
Expenditures:				
Current:				
General administration	2,377,255	2,374,201	2,168,557	205,644
Judicial and legal	1,582,850	1,546,293	1,459,425	86,868
Financial administration	1,250,686	1,274,355	1,220,499	53,856
Public facilities	211,400	252,856	236,802	16,054
Public safety	3,762,160	3,742,880	3,663,468	79,412
Public transportation	-	-	-	-
Health and welfare	199,995	199,995	172,391	27,604
Conservation	136,346	136,346	137,465	(1,119)
Capital outlay	419,925	413,691	122,279	291,412
Debt Service:				
Principal	49,600	49,600	46,018	3,582
Interest and fiscal charges	25,137	25,137	23,322	1,815
Total expenditures	<u>10,015,354</u>	<u>10,015,354</u>	<u>9,250,226</u>	<u>765,128</u>
Excess (deficiency) of revenues over expenditures	<u>1,338,392</u>	<u>1,338,392</u>	<u>2,932,945</u>	<u>1,594,553</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	9,269	9,269
Transfers in	65,872	65,872	65,872	-
Transfers out	(3,090,000)	(3,090,000)	(3,090,000)	-
Total other financing sources (uses)	<u>(3,024,128)</u>	<u>(3,024,128)</u>	<u>(3,014,859)</u>	<u>9,269</u>
Net change in fund balance	<u>(1,685,736)</u>	<u>(1,685,736)</u>	<u>(81,914)</u>	<u>1,603,822</u>
Fund balance - beginning	<u>8,435,997</u>	<u>8,435,997</u>	<u>8,435,997</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,750,261</u>	<u>\$ 6,750,261</u>	<u>\$ 8,354,083</u>	<u>\$ 1,603,822</u>

Road & Bridge Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 7,368,060	\$ 7,368,060	\$ 7,287,826	\$ (80,234)
-	-	-	-
34,000	34,000	13,417	(20,583)
-	-	-	-
677,000	677,000	722,208	45,208
-	-	-	-
40,440	40,440	423,827	383,387
-	28,108	96,728	68,620
<u>8,119,500</u>	<u>8,147,608</u>	<u>8,544,006</u>	<u>396,398</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,276,356	5,451,673	6,525,307	(1,073,634)
-	-	-	-
-	-	-	-
7,513,956	7,316,747	1,337,457	5,979,290
167,769	209,518	79,181	130,337
28,387	36,638	11,135	25,503
<u>12,986,468</u>	<u>13,014,576</u>	<u>7,953,080</u>	<u>5,061,496</u>
(4,866,968)	(4,866,968)	590,926	5,457,894
-	-	93,701	93,701
90,000	90,000	90,000	-
(71,872)	(71,872)	(71,872)	-
<u>18,126</u>	<u>18,128</u>	<u>111,829</u>	<u>93,701</u>
(4,848,840)	(4,848,840)	702,755	5,551,595
<u>10,842,396</u>	<u>10,842,396</u>	<u>10,842,396</u>	<u>-</u>
<u>\$ 5,993,556</u>	<u>\$ 5,993,556</u>	<u>\$ 11,545,151</u>	<u>\$ 5,551,595</u>

LAVACA COUNTY, TEXAS*Texas County and District Retirement System**Schedule of Changes In Net Pension Liability/(Asset) And Related Ratios**With a Measurement Date of December 31,*

	2022	2021	2020	2019
Total Pension Liability				
Service cost	\$ 1,242,286	\$ 1,198,407	\$ 1,068,865	\$ 1,032,869
Interest on the Total Pension Liability	4,096,732	3,938,884	3,794,547	3,633,203
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(212,993)	2,729,669	-
Effect of economic/demographic (gains) or losses	(74,828)	24,530	(41,715)	(257,214)
Benefit payments/refunds of contributions	(3,009,536)	(2,825,336)	(2,575,764)	(2,334,815)
Net Change in Total Pension Liability	2,254,654	2,123,492	4,975,602	2,074,043
Total Pension Liability - Beginning	<u>54,139,303</u>	<u>52,015,811</u>	<u>47,040,209</u>	<u>44,966,166</u>
Total Pension Liability - Ending (a)	<u>\$ 56,393,957</u>	<u>\$ 54,139,303</u>	<u>\$ 52,015,811</u>	<u>\$ 47,040,209</u>
Fiduciary Net Position				
Employer contributions	\$ 1,510,614	\$ 1,414,086	\$ 1,309,698	\$ 1,240,479
Member contributions	622,019	582,272	552,617	538,669
Investment income net of investment expenses	(3,223,344)	10,210,839	4,463,610	6,181,982
Benefit payments/refunds of contributions	(3,009,536)	(2,825,336)	(2,575,764)	(2,334,815)
Administrative expense	(30,505)	(30,438)	(34,333)	(32,936)
Other	(76,443)	(10,564)	(16,828)	(13,003)
Net Change in Fiduciary Net Position	(4,207,195)	9,340,859	3,699,000	5,580,376
Fiduciary Net Position - Beginning	<u>56,261,330</u>	<u>46,920,471</u>	<u>43,221,471</u>	<u>37,641,095</u>
Fiduciary Net Position - Ending (b)	<u>\$ 52,054,135</u>	<u>\$ 56,261,330</u>	<u>\$ 46,920,471</u>	<u>\$ 43,221,471</u>
Net Pension Liability/(Asset) (a-b)	<u>\$ 4,339,822</u>	<u>\$ (2,122,027)</u>	<u>\$ 5,095,340</u>	<u>\$ 3,818,738</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	92.30%	103.92%	90.20%	91.88%
Pensionable Covered Payroll	\$ 8,885,985	\$ 8,318,168	\$ 7,894,524	\$ 7,695,273
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	48.84%	(25.51%)	64.54%	49.62%

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 68, they should not be shown. Therefore, we have shown only years for which the new GASB statements have been implemented.

2018	2017	2016	2015	2014
\$ 1,035,558	\$ 977,342	\$ 1,009,498	\$ 915,700	\$ 890,878
3,434,113	3,229,946	3,024,593	2,869,126	2,733,053
-	-	-	(145,397)	-
-	180,215	-	404,986	-
199,542	140,102	13,008	(213,650)	(400,781)
(2,087,252)	(2,044,089)	(1,946,383)	(1,718,343)	(1,648,618)
2,581,961	2,483,516	2,100,716	2,112,422	1,574,532
42,384,205	39,900,689	37,799,973	35,687,551	34,113,019
<u>\$ 44,966,166</u>	<u>\$ 42,384,205</u>	<u>\$ 39,900,689</u>	<u>\$ 37,799,973</u>	<u>\$ 35,687,551</u>
\$ 1,215,722	\$ 1,130,673	\$ 1,072,639	\$ 1,073,260	\$ 1,000,610
529,306	494,068	465,788	466,056	434,509
(725,643)	4,986,690	2,382,190	93,944	2,093,326
(2,087,252)	(2,044,089)	(1,946,383)	(1,718,343)	(1,648,618)
(30,233)	(25,767)	(25,854)	(23,176)	(24,240)
(6,304)	(5,863)	135,107	(21,463)	(242,952)
(1,104,404)	4,535,712	2,083,487	(129,722)	1,612,635
38,745,499	34,209,787	32,126,300	32,256,022	30,643,387
<u>\$ 37,641,095</u>	<u>\$ 38,745,499</u>	<u>\$ 34,209,787</u>	<u>\$ 32,126,300</u>	<u>\$ 32,256,022</u>
<u>\$ 7,325,071</u>	<u>\$ 3,638,706</u>	<u>\$ 5,690,902</u>	<u>\$ 5,673,673</u>	<u>\$ 3,431,529</u>
83.71%	91.41%	85.74%	84.99%	90.38%
\$ 7,561,508	\$ 7,014,127	\$ 6,654,111	\$ 6,657,948	\$ 6,207,264
96.87%	51.88%	85.52%	85.22%	55.28%

LAVACA COUNTY, TEXAS

*Texas County and District Retirement System
Schedule of Employer Contributions
For the Ten Years Ended September 30,*

Exhibit 12

	<u>Actuarially Determined Contribution⁽¹⁾</u>	<u>Actual Employer Contribution⁽¹⁾</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll⁽²⁾</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 1,000,610	\$ 1,000,610	\$ -	\$ 6,207,264	16.1%
2015	1,059,945	1,073,260	(13,315)	6,657,948	16.1%
2016	1,045,361	1,072,639	(27,278)	6,654,111	16.1%
2017	1,072,460	1,130,673	(58,213)	7,014,127	16.1%
2018	1,196,987	1,215,722	(18,735)	7,561,508	16.1%
2019	1,195,076	1,240,479	(45,403)	7,695,273	16.1%
2020	1,309,698	1,309,698	-	7,894,524	16.6%
2021	1,349,207	1,414,086	(64,879)	8,318,168	17.0%
2022	1,083,358	1,182,411	(99,053)	6,955,357	17.0%
2023	1,064,320	1,164,074	(99,754)	6,847,493	17.0%

⁽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.

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LAVACA COUNTY, TEXAS*Schedule of Changes in Total OPEB Liability and Related Ratios
For the Last Ten Years Ended December 31,*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability				
Service cost	\$ 28,094	\$ 28,214	\$ 25,615	\$ 16,395
Interest	16,191	15,725	17,841	19,854
Effect of assumption changes or inputs	(201,253)	13,211	76,178	126,399
Effect of economic/demographic (gains) or losses	24,021	5,652	(13,786)	10,644
Benefit payments	(17,772)	(19,132)	(16,579)	(14,621)
Net Change in Total OPEB Liability	(150,719)	43,670	89,269	158,671
Total OPEB Liability - Beginning	<u>766,701</u>	<u>723,031</u>	<u>633,762</u>	<u>475,091</u>
Total OPEB Liability - Ending (a)	<u>\$ 615,982</u>	<u>\$ 766,701</u>	<u>\$ 723,031</u>	<u>\$ 633,762</u>
Covered Payroll	\$ 8,885,985	\$ 8,318,168	\$ 7,894,524	\$ 7,695,273
Total OPEB Liability as a Percentage of Covered Payroll	6.93%	9.22%	9.16%	8.24%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

<u>2018</u>	<u>2017</u>
\$ 20,331	\$ 17,194
17,548	17,941
(53,027)	20,461
7,324	(9,787)
(<u>13,611</u>)	(<u>13,327</u>)
(21,435)	32,482
<u>496,526</u>	<u>464,044</u>
\$ <u>475,091</u>	\$ <u>496,526</u>
\$ 7,561,508	\$ 7,014,127
6.28%	7.08%

LAVACA COUNTY, TEXAS

Notes to the Required Supplementary Information
For The Year Ended September 30, 2023

NOTE 1 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

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 (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.4 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumption 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 Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

LAVACA COUNTY, TEXAS
*Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2023*

	County Attorney Seizure Fund	Sheriff's Contraband Fund	Special Abandoned Motor Vehicle Fund
Assets:			
Cash and temporary investments	\$ 6,079	\$ 5,532	\$ 21,212
Receivables (Net of Allowance for Uncollectibles):			
Due from other governments	-	-	-
Total assets	<u>\$ 6,079</u>	<u>\$ 5,532</u>	<u>\$ 21,212</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts and accrued liabilities payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balance:			
Restricted	<u>6,079</u>	<u>5,532</u>	<u>21,212</u>
Total fund balance	<u>6,079</u>	<u>5,532</u>	<u>21,212</u>
Total liabilities and fund balance	<u>\$ 6,079</u>	<u>\$ 5,532</u>	<u>\$ 21,212</u>

Revenue Funds

Appellate Judicial System Fee Fund	County Attorney Pretrial Fee Fund	Task Force Indigent Defense Fund	Opioid Settlement Fund	Justice Clerk Building Security Fund	County Clerk Digital Preserve Fund
\$ 1,313	\$ 97,704	\$ 2,319	\$ 14,671	\$ 20,162	\$ 5,003
-	-	60,052	-	-	-
<u>\$ 1,313</u>	<u>\$ 97,704</u>	<u>\$ 62,371</u>	<u>\$ 14,671</u>	<u>\$ 20,162</u>	<u>\$ 5,003</u>
\$ -	\$ -	\$ 20,025	\$ -	\$ -	\$ -
-	-	20,025	-	-	-
<u>1,313</u>	<u>97,704</u>	<u>42,346</u>	<u>14,671</u>	<u>20,162</u>	<u>5,003</u>
<u>1,313</u>	<u>97,704</u>	<u>42,346</u>	<u>14,671</u>	<u>20,162</u>	<u>5,003</u>
<u>\$ 1,313</u>	<u>\$ 97,704</u>	<u>\$ 62,371</u>	<u>\$ 14,671</u>	<u>\$ 20,162</u>	<u>\$ 5,003</u>

(continued)

LAVACA COUNTY, TEXAS
*Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2023*

	Special		
	District Clerk Digital Preserve Fund	County Clerk Technology Fund	District Clerk Technology Fund
Assets:			
Cash and temporary investments	\$ 27,439	\$ 13	\$ 2,462
Receivables (Net of Allowance for Uncollectibles):			
Due from other governments	-	-	-
Total assets	<u>\$ 27,439</u>	<u>\$ 13</u>	<u>\$ 2,462</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts and accrued liabilities payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balance:			
Restricted	<u>27,439</u>	<u>13</u>	<u>2,462</u>
Total fund balance	<u>27,439</u>	<u>13</u>	<u>2,462</u>
Total liabilities and fund balance	<u>\$ 27,439</u>	<u>\$ 13</u>	<u>\$ 2,462</u>

Revenue Funds

District Clerk Archive Fund	Justice Court Technology Fund	County Clerk Records Management Fund	District Clerk Records Management Fund	Jury Service Fund	Family Protection Fund
\$ 21,486	\$ 18,564	\$ 231,638	\$ 25,767	\$ 9,300	\$ 17,760
-	-	-	-	-	-
<u>\$ 21,486</u>	<u>\$ 18,564</u>	<u>\$ 231,638</u>	<u>\$ 25,767</u>	<u>\$ 9,300</u>	<u>\$ 17,760</u>
\$ -	\$ -	\$ 799	\$ -	\$ -	\$ -
-	-	799	-	-	-
<u>21,486</u>	<u>18,564</u>	<u>230,839</u>	<u>25,767</u>	<u>9,300</u>	<u>17,760</u>
<u>21,486</u>	<u>18,564</u>	<u>230,839</u>	<u>25,767</u>	<u>9,300</u>	<u>17,760</u>
<u>\$ 21,486</u>	<u>\$ 18,564</u>	<u>\$ 231,638</u>	<u>\$ 25,767</u>	<u>\$ 9,300</u>	<u>\$ 17,760</u>

(continued)

LAVACA COUNTY, TEXAS
*Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2023*

			Special
	Child Abusive Prevention Fund	Courthouse Records Management Fund	Courthouse Security Fund
Assets:			
Cash and temporary investments	\$ 1,654	\$ 23,875	\$ 114,862
Receivables (Net of Allowance for Uncollectibles):			
Due from other governments	-	-	-
Total assets	<u>\$ 1,654</u>	<u>\$ 23,875</u>	<u>\$ 114,862</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts and accrued liabilities payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balance:			
Restricted	<u>1,654</u>	<u>23,875</u>	<u>114,862</u>
Total fund balance	<u>1,654</u>	<u>23,875</u>	<u>114,862</u>
Total liabilities and fund balance	<u>\$ 1,654</u>	<u>\$ 23,875</u>	<u>\$ 114,862</u>

Revenue Funds

Records Archive Fund	Law Enforcement Training Fund	Emergency Appropriations Fund	Ambulance Service Grant Fund	Tobacco Settlement Fund	Special Reserve Fund
\$ 189,713	\$ 30,183	\$ 168,668	\$ 309,675	\$ 18,751	\$ 549,092
-	-	-	-	-	-
<u>\$ 189,713</u>	<u>\$ 30,183</u>	<u>\$ 168,668</u>	<u>\$ 309,675</u>	<u>\$ 18,751</u>	<u>\$ 549,092</u>
\$ 385	\$ -	\$ -	\$ 472	\$ -	\$ -
385	-	-	472	-	-
<u>189,328</u>	<u>30,183</u>	<u>168,668</u>	<u>309,203</u>	<u>18,751</u>	<u>549,092</u>
<u>189,328</u>	<u>30,183</u>	<u>168,668</u>	<u>309,203</u>	<u>18,751</u>	<u>549,092</u>
<u>\$ 189,713</u>	<u>\$ 30,183</u>	<u>\$ 168,668</u>	<u>\$ 309,675</u>	<u>\$ 18,751</u>	<u>\$ 549,092</u>

(continued)

LAVACA COUNTY, TEXAS

*Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2023*

	Special Revenue		
	Law Library Fund	Attorney Hot Check Collection Fund	County Attorney Judicial Funds
Assets:			
Cash and temporary investments	\$ 122,081	\$ 12,268	\$ 1,003
Receivables (Net of Allowance for Uncollectibles):			
Due from other governments	-	-	-
Total assets	<u>\$ 122,081</u>	<u>\$ 12,268</u>	<u>\$ 1,003</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts and accrued liabilities payable	\$ 2,947	\$ 121	\$ 567
Total liabilities	<u>2,947</u>	<u>121</u>	<u>567</u>
Fund Balance:			
Restricted	<u>119,134</u>	<u>12,147</u>	<u>436</u>
Total fund balance	<u>119,134</u>	<u>12,147</u>	<u>436</u>
Total liabilities and fund balance	<u>\$ 122,081</u>	<u>\$ 12,268</u>	<u>\$ 1,003</u>

<u>Funds</u>					
Total Special Revenue Funds	Capital Improvement Fund	Capital Courthouse Fund	Total Capital Projects Fund	Total Non-Major Governmental Funds	
\$ 2,070,249	\$ 130,232	\$ 2,059,694	\$ 2,189,926	\$ 4,260,175	
<u>60,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,052</u>	
<u>\$ 2,130,301</u>	<u>\$ 130,232</u>	<u>\$ 2,059,694</u>	<u>\$ 2,189,926</u>	<u>\$ 4,320,227</u>	
\$ 25,316	\$ 6,510	\$ -	\$ 6,510	\$ 31,826	
<u>25,316</u>	<u>6,510</u>	<u>-</u>	<u>6,510</u>	<u>31,826</u>	
<u>2,104,985</u>	<u>123,722</u>	<u>2,059,694</u>	<u>2,183,416</u>	<u>4,288,401</u>	
<u>2,104,985</u>	<u>123,722</u>	<u>2,059,694</u>	<u>2,183,416</u>	<u>4,288,404</u>	
<u>\$ 2,130,301</u>	<u>\$ 130,232</u>	<u>\$ 2,059,694</u>	<u>\$ 2,189,926</u>	<u>\$ 4,320,227</u>	

LAVACA COUNTY, TEXAS

*Combining Statement of Revenues, Expenditures And Change
In Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2023*

	County Attorney Seizure Fund	Sheriff's Contraband Fund	Special Abandoned Motor Vehicle Fund
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Fines and forfeitures	2,015	-	-
Investment income	141	148	672
Miscellaneous	-	-	-
Total revenues	<u>2,156</u>	<u>148</u>	<u>672</u>
Expenditures:			
Current:			
General administration	-	-	-
Judicial and legal	-	-	-
Public facilities	-	-	-
Public safety	-	-	7,747
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>7,747</u>
Excess (deficiency) of revenue over expenditures	<u>2,156</u>	<u>148</u>	<u>(7,075)</u>
Other Financing Sources:			
Transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,156	148	(7,075)
Fund balance - beginning	<u>3,923</u>	<u>5,384</u>	<u>28,287</u>
Fund balance - ending	<u>\$ 6,079</u>	<u>\$ 5,532</u>	<u>\$ 21,212</u>

Revenue Funds

Appellate Judicial System Fee Fund	County Attorney Pretrial Fee Fund	Task Force Indigent Defense Fund	Opioid Settlement Fund	Justice Court Building Security Fund	County Clerk Digital Preserve Fund
\$ 1,519	\$ -	\$ 314,209	\$ 14,432	\$ -	\$ -
-	3,650	-	-	-	-
-	-	-	-	559	-
-	3,021	1,230	239	587	138
-	-	-	-	-	-
<u>1,519</u>	<u>6,671</u>	<u>315,439</u>	<u>14,671</u>	<u>1,146</u>	<u>138</u>
-	-	-	-	-	-
1,602	-	340,313	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,602</u>	<u>-</u>	<u>340,313</u>	<u>-</u>	<u>-</u>	<u>-</u>
(<u>83</u>)	<u>6,671</u>	(<u>24,874</u>)	<u>14,671</u>	<u>1,146</u>	<u>138</u>
-	-	-	-	-	-
-	-	-	-	-	-
(<u>83</u>)	<u>6,671</u>	(<u>24,874</u>)	<u>14,671</u>	<u>1,146</u>	<u>138</u>
<u>1,396</u>	<u>91,033</u>	<u>67,220</u>	<u>-</u>	<u>19,016</u>	<u>4,865</u>
<u>\$ 1,313</u>	<u>\$ 97,704</u>	<u>\$ 42,346</u>	<u>\$ 14,671</u>	<u>\$ 20,162</u>	<u>\$ 5,003</u>

(continued)

LAVACA COUNTY, TEXAS

*Combining Statement of Revenues, Expenditures and Change
In Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2023*

	Special		
	District Clerk Digital Preserve Fund	County Clerk Technology Fund	District Clerk Technology Fund
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	130	157	96
Fines and forfeitures	-	-	-
Investment income	852	14	71
Miscellaneous	-	-	-
Total revenues	<u>982</u>	<u>171</u>	<u>167</u>
Expenditures:			
Current:			
General administration	-	1,288	-
Judicial and legal	-	-	-
Public facilities	-	-	-
Public safety	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>1,288</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>982</u>	<u>(1,117)</u>	<u>167</u>
Other Financing Sources:			
Transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	982	(1,117)	167
Fund balance - beginning	<u>26,457</u>	<u>1,130</u>	<u>2,295</u>
Fund balance - ending	<u>\$ 27,439</u>	<u>\$ 13</u>	<u>\$ 2,462</u>

Revenue Funds

District Clerk Archive Fund	Justice Court Technology Fund	County Clerk Records Management Fund	District Clerk Records Management Fund	Jury Service Fund	Family Protection Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
120	1,867	58,122	6,567	230	-
-	-	-	-	-	-
654	478	6,970	712	-	544
-	-	-	-	-	-
774	2,345	65,092	7,279	230	544
-	-	40,657	-	-	-
-	49	-	-	216	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	49	40,657	-	216	-
774	2,296	24,435	7,279	14	544
-	-	-	-	-	-
-	-	-	-	-	-
774	2,296	24,435	7,279	14	544
20,712	16,268	206,404	18,488	9,286	17,216
\$ 21,486	\$ 18,564	\$ 230,839	\$ 25,767	\$ 9,300	\$ 17,760

(continued)

LAVACA COUNTY, TEXAS

*Combining Statement of Revenues, Expenditures and Change
In Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2023*

			Special
	Child Abuse Prevention Fund	Courthouse Records Management Fund	Courthouse Security Fund
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	114	13,644
Fines and forfeitures	100	-	-
Investment income	31	724	3,413
Miscellaneous	-	-	-
Total revenues	<u>131</u>	<u>838</u>	<u>17,057</u>
Expenditures:			
Current:			
General administration	-	-	-
Judicial and legal	-	-	-
Public facilities	-	-	-
Public safety	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>131</u>	<u>838</u>	<u>17,057</u>
Other Financing Sources:			
Transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	131	838	17,057
Fund balance - beginning	<u>1,523</u>	<u>23,037</u>	<u>97,805</u>
Fund balance - ending	<u>\$ 1,654</u>	<u>\$ 23,875</u>	<u>\$ 114,862</u>

Revenue Funds

Records Archive Fund	Law Enforcement Training Fund	Emergency Appropriations Fund	Ambulance Service Grant Fund	Tobacco Settlement Fund	Special Reserve Fund
\$ -	\$ 3,735	\$ -	\$ -	\$ 546	\$ -
54,240	-	-	-	-	-
-	-	-	-	-	-
5,357	926	5,245	9,838	542	17,851
-	-	-	104,566	-	-
59,597	4,661	5,245	114,404	1,088	17,851
11,321	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,278	-	35,308	-	-
-	-	-	42,000	-	-
11,321	3,278	-	77,308	-	-
48,276	1,383	5,245	37,096	1,088	17,851
-	-	6,000	-	-	-
-	-	6,000	-	-	-
48,276	1,383	11,245	37,096	1,088	17,851
141,052	28,800	157,423	272,107	17,663	531,241
\$ 189,328	\$ 30,183	\$ 168,668	\$ 309,203	\$ 18,751	\$ 549,092

(continued)

LAVACA COUNTY, TEXAS

*Combining Statement of Revenues, Expenditures and Change
In Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2023*

	Special Revenue Funds		
	Law Library Fund	Attorney Hot Check Collection Fund	County Attorney Judicial Funds
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 27,500
Charges for services	10,534	180	-
Fines and forfeitures	-	-	-
Investment income	3,605	48	166
Miscellaneous	-	-	-
Total revenues	<u>14,139</u>	<u>228</u>	<u>27,666</u>
Expenditures:			
Current:			
General administration	-	-	-
Judicial and legal	7,417	1,552	28,067
Public facilities	-	-	-
Public safety	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>7,417</u>	<u>1,552</u>	<u>28,067</u>
Excess (deficiency) of revenue over expenditures	<u>6,722</u>	<u>(1,324)</u>	<u>(401)</u>
Other Financing Sources:			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balance	6,722	(1,324)	(401)
Fund balance - beginning	<u>112,412</u>	<u>13,471</u>	<u>837</u>
Fund balance - ending	<u>\$ 119,134</u>	<u>\$ 12,147</u>	<u>\$ 436</u>

Total Special Revenue Funds	Capital Improvement Fund	Capital Courthouse Fund	Total Capital Projects Fund	Total Non-Major Governmental Funds
\$ 361,941	\$ -	\$ -	\$ -	\$ 361,941
149,651	-	-	-	149,651
2,674	-	-	-	2,674
64,217	4,640	59,694	64,334	128,551
<u>104,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,566</u>
<u>683,049</u>	<u>4,640</u>	<u>59,694</u>	<u>64,334</u>	<u>747,383</u>
53,266	-	-	-	53,266
379,216	-	-	-	379,216
-	29,150	-	29,150	29,150
46,333	-	-	-	46,333
<u>42,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,000</u>
<u>520,815</u>	<u>29,150</u>	<u>-</u>	<u>29,150</u>	<u>549,965</u>
<u>162,234</u>	<u>(24,510)</u>	<u>59,694</u>	<u>35,184</u>	<u>197,418</u>
<u>6,000</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,006,000</u>
<u>6,000</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,006,000</u>
168,234	(24,510)	2,059,694	2,035,184	2,203,418
<u>1,936,751</u>	<u>148,232</u>	<u>-</u>	<u>148,232</u>	<u>2,084,983</u>
<u>\$ 2,104,985</u>	<u>\$ 123,722</u>	<u>\$ 2,059,694</u>	<u>\$ 2,183,416</u>	<u>\$ 4,288,401</u>

LAVACA COUNTY, TEXAS**Schedule of Expenditures - Budget and Actual - By Function, Department
and Legal Level of Budgetary Control - General Fund
For the Year Ended September 30, 2023**

Exhibit 16

Page 1 of 4

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
General Administration:				
County Judge:				
Salaries and wages, and employee benefits	\$ 421,069	\$ 421,069	\$ 328,929	\$ 92,140
Operating expenditures	46,600	46,924	46,435	489
Capital outlay expenditures	12,000	11,676	-	11,676
Total County Judge	479,669	479,669	375,364	104,305
County Clerk:				
Salaries and wages, and employee benefits	504,791	504,791	472,990	31,801
Operating expenditures	115,235	115,235	96,534	18,701
Capital outlay expenditures	31,850	31,850	6,160	25,690
Total County Clerk	651,876	651,876	575,684	76,192
Elections:				
Salaries and wages, and employee benefits	244,373	244,373	189,673	54,700
Operating expenditures	153,583	153,583	105,316	48,267
Capital outlay expenditures	19,650	19,650	-	19,650
Total Elections	417,606	417,606	294,989	122,617
Non-departmental:				
Salaries and wages, and employee benefits	40,664	40,664	38,841	1,823
Operating expenditures	722,170	718,792	741,026	(22,234)
Debt service expenditures	74,737	74,737	69,340	5,397
Total Non-departmental	837,571	834,193	849,207	(15,014)
Records Management:				
Salaries and wages, and employee benefits	57,747	57,747	57,813	(66)
Operating expenditures	5,150	5,150	28,857	(23,707)
Capital outlay expenditures	76,600	76,600	-	76,600
Total Records Management	139,497	139,497	86,670	52,827
Commissioner's Assistant:				
Salaries and wages, and employee benefits	60,673	61,101	60,987	114
Operating expenditures	5,200	4,772	1,156	3,616
Total Commissioner's Assistant	65,873	65,873	62,143	3,730
Total General Administration	2,592,092	2,588,714	2,244,057	344,657
Judicial and Legal:				
Jury:				
Salaries and wages, and employee benefits	16,182	16,182	15,357	825
Operating expenditures	412,460	370,107	268,341	101,766
Total Jury	428,642	386,289	283,698	102,591

(continued)

LAVACA COUNTY, TEXAS**Schedule of Expenditures - Budget and Actual - By Function, Department
And Legal Level Of Budgetary Control - General Fund - Continued
For the Year Ended September 30, 2023**

Exhibit 16

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	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Judicial and Legal - Continued:				
District Clerk:				
Salaries and wages, and employee benefits	\$ 264,619	\$ 270,119	\$ 277,508	\$(7,389)
Operating expenditures	35,900	36,196	32,688	3,508
Capital outlay expenditures	7,000	1,204	-	1,204
Total District Clerk	307,519	307,519	310,196	(2,677)
Justice of the Peace 1:				
Salaries and wages, and employee benefits	140,360	140,360	122,635	17,725
Operating expenditures	27,526	27,526	19,286	8,240
Total Justice of the Peace 1	167,886	167,886	141,921	25,965
Justice of the Peace 2:				
Salaries and wages, and employee benefits	46,300	46,361	47,863	(1,502)
Operating expenditures	16,200	16,139	15,182	957
Total Justice of the Peace 2	62,500	62,500	63,045	(545)
Justice of the Peace 3:				
Salaries and wages, and employee benefits	57,258	57,258	49,081	8,177
Operating expenditures	19,020	19,020	13,797	5,223
Total Justice of the Peace 3	76,278	76,278	62,878	13,400
Justice of the Peace 4:				
Salaries and wages, and employee benefits	137,484	137,484	140,831	(3,347)
Operating expenditures	35,450	35,450	29,183	6,267
Total Justice of the Peace 4	172,934	172,934	170,014	2,920
County Attorney:				
Salaries and wages, and employee benefits	317,591	317,591	312,128	5,463
Operating expenditures	56,500	56,500	32,439	24,061
Capital outlay expenditures	5,000	5,000	-	5,000
Total County Attorney	379,091	379,091	344,567	34,524
State Court Costs & Fees:				
Operating expenditures	-	-	83,106	(83,106)
Total State Court Costs & Fees	-	-	83,106	(83,106)
Total Judicial and Legal	1,594,850	1,552,497	1,459,425	93,072
Financial Administration:				
County Auditor:				
Salaries and wages, and employee benefits	351,374	368,666	377,686	(9,020)
Operating expenditures	37,580	40,666	46,103	(5,437)
Capital outlay expenditures	9,000	4,222	-	4,222
Total County Auditor	397,954	413,554	423,789	(10,235)

(continued)

LAVACA COUNTY, TEXAS**Schedule of Expenditures - Budget and Actual - By Function, Department
And Legal Level Of Budgetary Control - General Fund - Continued
For the Year Ended September 30, 2023**

Exhibit 16

Page 3 of 4

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Financial Administration - Continued:				
County Treasurer:				
Salaries and wages, and employee benefits	\$ 146,251	\$ 146,251	\$ 154,280	\$(8,029)
Operating expenditures	13,955	13,955	7,415	4,540
Capital outlay expenditures	4,000	6,000	6,000	-
Total County Treasurer	164,206	164,206	167,695	(3,489)
Tax Assessor-Collector:				
Salaries and wages, and employee benefits	550,620	550,620	478,422	72,198
Operating expenditures	150,906	156,197	156,593	(396)
Capital outlay expenditures	14,200	8,909	-	8,909
Total Tax Assessor-Collector	715,726	715,726	635,015	80,711
Total Financial Administration	1,277,886	1,293,486	1,226,499	66,987
Public Facilities:				
Courthouse Annex:				
Operating expenditures	86,600	85,703	75,945	9,758
Total Courthouse Annex	86,600	85,703	75,945	9,758
Courthouse:				
Operating expenditures	112,000	154,353	149,798	4,555
Total Courthouse	112,000	154,353	149,798	4,555
Office Buildings:				
Operating expenditures	12,800	12,800	11,059	1,741
Total Office Buildings	12,800	12,800	11,059	1,741
Total Public Facilities	211,400	252,856	236,802	16,054
Public Safety:				
County Jail:				
Operating expenditures	450,000	448,773	368,561	80,212
Capital outlay expenditures	25,000	26,227	-	26,227
Total County Jail	475,000	475,000	368,561	106,439
Constable - Precinct 1:				
Salaries and wages, and employee benefits	54,445	54,584	55,987	(1,403)
Operating expenditures	9,985	9,846	8,630	1,216
Total Constable - Precinct 1	64,430	64,430	64,617	(187)
Constable - Precinct 2:				
Salaries and wages, and employee benefits	54,395	54,531	55,936	(1,405)
Operating expenditures	12,400	12,264	158	12,106
Total Constable - Precinct 2	66,795	66,795	56,094	10,701

(continued)

LAVACA COUNTY, TEXAS*Schedule of Expenditures - Budget and Actual - By Function, Department
And Legal Level Of Budgetary Control - General Fund - Continued
For the Year Ended September 30, 2023*

Exhibit 16

Page 4 of 4

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Public Safety - Continued:				
Constable - Precinct 3:				
Salaries and wages, and employee benefits	\$ 55,420	\$ 55,420	\$ 56,022	\$(602)
Operating expenditures	<u>8,750</u>	<u>8,750</u>	<u>4,509</u>	<u>4,241</u>
Total Constable - Precinct 3	<u>64,170</u>	<u>64,170</u>	<u>60,531</u>	<u>3,639</u>
Constable - Precinct 4:				
Salaries and wages, and employee benefits	53,550	53,672	55,073	(1,401)
Operating expenditures	<u>7,850</u>	<u>7,728</u>	<u>3,986</u>	<u>3,742</u>
Total Constable - Precinct 4	<u>61,400</u>	<u>61,400</u>	<u>59,059</u>	<u>2,341</u>
County Sheriff:				
Salaries and wages, and employee benefits	2,691,465	2,675,865	2,542,758	133,107
Operating expenditures	363,900	361,447	511,848	(150,401)
Capital outlay expenditures	<u>214,000</u>	<u>216,453</u>	<u>104,219</u>	<u>112,234</u>
Total County Sheriff	<u>3,269,365</u>	<u>3,253,765</u>	<u>3,158,825</u>	<u>94,940</u>
Total Public Safety	<u>4,001,160</u>	<u>3,985,560</u>	<u>3,767,687</u>	<u>217,873</u>
Health and Welfare:				
Public Welfare:				
Salaries and wages, and employee benefits	61,295	61,295	62,826	(1,531)
Operating expenditures	<u>138,700</u>	<u>138,700</u>	<u>109,565</u>	<u>29,135</u>
Total Public Welfare	<u>199,995</u>	<u>199,995</u>	<u>172,391</u>	<u>27,604</u>
Total Health and Welfare	<u>199,995</u>	<u>199,995</u>	<u>172,391</u>	<u>27,604</u>
Conservation:				
County Extension Service:				
Salaries and wages, and employee benefits	113,052	113,052	116,517	(3,465)
Operating expenditures	23,294	23,294	20,948	2,346
Capital outlay expenditures	<u>1,625</u>	<u>5,900</u>	<u>5,900</u>	<u>-</u>
Total County Extension Service	<u>137,971</u>	<u>142,246</u>	<u>143,365</u>	<u>(1,119)</u>
Total Conservation	<u>137,971</u>	<u>142,246</u>	<u>143,365</u>	<u>(1,119)</u>
Total Expenditures	\$ <u>10,015,354</u>	\$ <u>10,015,354</u>	\$ <u>9,250,226</u>	\$ <u>765,128</u>

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LAVACA COUNTY, TEXAS

Exhibit 17

*Schedule of Expenditures - Budget and Actual - By Function, Department
and Legal Level of Budgetary Control - Road & Bridge Fund
For the Year Ended September 30, 2023*

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Highways and Street:				
Road and Bridge Precinct 1:				
Salaries and wages, and employee benefits	\$ 613,306	\$ 618,632	\$ 636,186	\$(17,554)
Operating expenditures	1,054,400	1,049,074	1,057,825	(8,751)
Capital outlay expenditures	<u>2,038,000</u>	<u>2,038,000</u>	<u>521,495</u>	<u>1,516,505</u>
Total Road and Bridge Precinct 1	<u>3,705,706</u>	<u>3,705,706</u>	<u>2,215,506</u>	<u>1,490,200</u>
Road and Bridge Precinct 2:				
Salaries and wages, and employee benefits	667,721	668,021	601,392	66,629
Operating expenditures	483,410	610,819	1,117,348	(506,529)
Capital outlay expenditures	<u>1,233,856</u>	<u>1,106,147</u>	<u>47,134</u>	<u>1,059,013</u>
Total Road and Bridge Precinct 2	<u>2,384,987</u>	<u>2,384,987</u>	<u>1,765,874</u>	<u>619,113</u>
Road and Bridge Precinct 3:				
Salaries and wages, and employee benefits	484,751	487,542	500,703	(13,161)
Operating expenditures	620,458	656,775	1,505,528	(848,753)
Capital outlay expenditures	1,991,600	1,930,600	274,798	1,655,802
Debt service expenditures	<u>140,000</u>	<u>190,000</u>	<u>37,160</u>	<u>152,840</u>
Total Road and Bridge Precinct 3	<u>3,236,809</u>	<u>3,264,917</u>	<u>2,318,189</u>	<u>946,728</u>
Road and Bridge Precinct 4:				
Salaries and wages, and employee benefits	498,310	498,310	491,107	7,203
Operating expenditures	854,000	862,500	615,218	247,282
Capital outlay expenditures	2,250,500	2,242,000	494,030	1,747,970
Debt service expenditures	<u>56,156</u>	<u>56,156</u>	<u>53,156</u>	<u>3,000</u>
Total Road and Bridge Precinct 4	<u>3,658,966</u>	<u>3,658,966</u>	<u>1,653,511</u>	<u>2,005,455</u>
Total Expenditures	<u>\$ 12,986,468</u>	<u>\$ 13,014,576</u>	<u>\$ 7,953,080</u>	<u>\$ 5,061,496</u>

LAVACA COUNTY, TEXAS*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

Appellate Judicial System Fee Fund			
	Budgeted Amounts		Variance with
	Original	Final	Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,300	\$ 1,300	\$ 1,519
Charges for services	-	-	-
Investment income	-	-	-
Total revenues	1,300	1,300	1,519
Expenditures:			
Judicial and Legal:			
Operating expenditures	2,000	2,000	1,602
Total expenditures	2,000	2,000	1,602
Net change in fund balance	(700)	(700)	(83)
Fund balance - beginning	1,396	1,396	1,396
Fund balance - ending	\$ 696	\$ 696	\$ 1,313

County Attorney Pretrial Fee Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
6,000	6,000	3,650	(2,350)
<u>200</u>	<u>200</u>	<u>3,021</u>	<u>2,821</u>
6,200	6,200	6,671	471
30,000	30,000	-	30,000
30,000	30,000	-	30,000
(23,800)	(23,800)	6,671	30,471
<u>91,033</u>	<u>91,033</u>	<u>91,033</u>	<u>-</u>
<u>\$ 67,233</u>	<u>\$ 67,233</u>	<u>\$ 97,704</u>	<u>\$ 30,471</u>

LAVACA COUNTY, TEXAS*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

	Task Force Indigent Defense Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 314,209	\$ 164,209
Fines and forfeitures	-	-	-	-
Investment income	-	-	1,230	1,230
Total revenues	150,000	150,000	315,439	165,439
Expenditures:				
Judicial and Legal:				
Operating expenditures	190,000	190,000	340,313	(150,313)
Total expenditures	190,000	190,000	340,313	(150,313)
Net change in fund balance	(40,000)	(40,000)	(24,874)	15,126
Fund balance - beginning	67,220	67,220	67,200	-
Fund balance - ending	\$ 27,220	\$ 27,220	\$ 42,346	\$ 15,126

Justice Center Building Security Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
470	470	559	89
<u>40</u>	<u>40</u>	<u>587</u>	<u>547</u>
510	510	1,146	636
18,800	18,800	-	18,800
18,800	18,800	-	18,800
(18,290)	(18,290)	1,146	19,436
<u>19,016</u>	<u>19,016</u>	<u>19,016</u>	<u>-</u>
\$ <u>726</u>	\$ <u>726</u>	\$ <u>20,162</u>	\$ <u>19,436</u>

LAVACA COUNTY, TEXAS

*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

	County Clerk Digital Preserve Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 500	\$ 500	\$ -	\$(500)
Investment income	-	-	138	138
Total revenues	500	500	138	(362)
Expenditures:				
General Administration:				
Operating expenditures	5,500	5,500	-	5,500
Judicial and Legal:				
Operating expenditures	-	-	-	-
Total expenditures	5,500	5,500	-	5,500
Net change in fund balance	(5,000)	(5,000)	138	5,138
Fund balance - beginning	4,865	4,865	4,865	-
Fund balance - ending	\$(135)	\$(135)	\$ 5,003	\$ 5,138

District Clerk Digital Preserve Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 500	\$ 500	\$ 130	\$ (370)
-	-	852	852
500	500	982	482
-	-	-	-
26,300	26,300	-	26,300
26,300	26,300	-	26,300
(25,800)	(25,800)	982	26,782
26,457	26,457	26,457	-
\$ 657	\$ 657	\$ 27,439	\$ 26,782

LAVACA COUNTY, TEXAS*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

	County Clerk Technology Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 100	\$ 100	\$ 157	\$ 57
Investment income	-	-	14	14
Total revenues	100	100	171	71
Expenditures:				
General Administration:				
Operating expenditures	1,100	1,100	1,288	(188)
Judicial and Legal:				
Operating expenditures	-	-	-	-
Total expenditures	1,100	1,100	1,288	(188)
Net change in fund balance	(1,000)	(1,000)	(1,117)	(117)
Fund balance - beginning	1,130	1,130	1,130	-
Fund balance - ending	\$ 130	\$ 130	\$ 13	\$ (117)

District Clerk Technology Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 85	\$ 85	\$ 96	\$ 11
-	-	71	71
85	85	167	82
-	-	-	-
2,260	2,260	-	2,260
2,260	2,260	-	2,260
(2,175)	(2,175)	167	2,342
2,295	2,295	2,295	-
\$ 120	\$ 120	\$ 2,462	\$ 2,342

LAVACA COUNTY, TEXAS*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

	District Clerk Archive Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 500	\$ 500	\$ 120	\$(380)
Investment income	<u>50</u>	<u>50</u>	<u>654</u>	<u>604</u>
Total revenues	<u>550</u>	<u>550</u>	<u>774</u>	<u>224</u>
Expenditures:				
General Administration:				
Operating expenditures	20,600	20,600	-	20,600
Judicial and Legal:				
Operating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>20,600</u>	<u>20,600</u>	<u>-</u>	<u>20,600</u>
Net change in fund balance	(20,050)	(20,050)	774	20,824
Fund balance - beginning	<u>20,712</u>	<u>20,712</u>	<u>20,712</u>	<u>-</u>
Fund balance - ending	<u>\$ 662</u>	<u>\$ 662</u>	<u>\$ 21,486</u>	<u>\$ 20,824</u>

Justice Court Technology Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 1,600	\$ 1,600	\$ 1,867	\$ 267
25	25	478	453
1,625	1,625	2,345	720
-	-	-	-
17,100	17,100	49	17,051
17,100	17,100	49	17,051
(15,475)	(15,475)	2,296	17,771
16,268	16,268	16,268	-
\$ 793	\$ 793	\$ 18,564	\$ 17,771

LAVACA COUNTY, TEXAS*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

	County Clerk Records Management Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 51,200	\$ 51,200	\$ 58,122	\$ 6,922
Investment income	<u>500</u>	<u>500</u>	<u>6,970</u>	<u>6,470</u>
Total revenues	<u>51,700</u>	<u>51,700</u>	<u>65,092</u>	<u>13,392</u>
Expenditures:				
General Administration:				
Salaries and wages, and employee benefits	44,334	44,334	37,597	6,737
Operating expenditures	51,500	51,500	3,060	48,440
Judicial and Legal:				
Operating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>95,834</u>	<u>95,834</u>	<u>40,657</u>	<u>55,177</u>
Net change in fund balance	(44,134)	(44,134)	24,435	68,569
Fund balance - beginning	<u>206,404</u>	<u>206,404</u>	<u>206,404</u>	<u>-</u>
Fund balance - ending	<u>\$ 162,270</u>	<u>\$ 162,270</u>	<u>\$ 230,839</u>	<u>\$ 68,569</u>

District Clerk Records Management Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 1,500	\$ 1,500	\$ 6,567	\$ 5,067
40	40	712	672
<u>1,540</u>	<u>1,540</u>	<u>7,279</u>	<u>5,739</u>
-	-	-	-
-	-	-	-
<u>13,200</u>	<u>13,200</u>	<u>-</u>	<u>13,200</u>
<u>13,200</u>	<u>13,200</u>	<u>-</u>	<u>13,200</u>
(11,660)	(11,660)	7,279	18,939
<u>18,488</u>	<u>18,488</u>	<u>18,488</u>	<u>-</u>
<u>\$ 6,828</u>	<u>\$ 6,828</u>	<u>\$ 25,767</u>	<u>\$ 18,939</u>

LAVACA COUNTY, TEXAS*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

	Jury Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 370	\$ 370	\$ 230	\$ (140)
Investment income	-	-	-	-
Total revenues	370	370	230	(140)
Expenditures:				
Judicial and Legal:				
Operating expenditures	9,300	9,300	216	9,084
Public Facilities:				
Operating expenditures	-	-	-	-
Capital outlay expenditures	-	-	-	-
Total expenditures	9,300	9,300	216	9,084
Net change in fund balance	(8,930)	(8,930)	14	8,944
Fund balance - beginning	9,286	9,286	9,286	-
Fund balance - ending	\$ 356	\$ 356	\$ 9,300	\$ 8,944

Courthouse Records Management Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 700	\$ 700	\$ 114	\$ (586)
80	80	724	644
780	780	838	58
-	-	-	-
7,335	7,335	-	7,335
15,000	15,000	-	15,000
22,335	22,335	-	22,335
(21,555)	(21,555)	838	22,393
23,037	23,037	23,037	-
\$ 1,482	\$ 1,482	\$ 23,875	\$ 22,393

LAVACA COUNTY, TEXAS*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

	Courthouse Security Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 8,500	\$ 8,500	\$ 13,644	\$ 5,144
Investment income	<u>200</u>	<u>200</u>	<u>3,413</u>	<u>3,213</u>
Total revenues	<u>8,700</u>	<u>8,700</u>	<u>17,057</u>	<u>8,357</u>
Expenditures:				
General Administration:				
Salaries and wages, and employee benefits	-	-	-	-
Operating expenditures	-	-	-	-
Public facilities:				
Operating expenditures	2,000	2,000	-	2,000
Capital outlay expenditures	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
Total expenditures	<u>92,000</u>	<u>92,000</u>	<u>-</u>	<u>92,000</u>
Net change in fund balance	(83,300)	(83,300)	17,057	100,357
Fund balance - beginning	<u>97,805</u>	<u>97,805</u>	<u>97,805</u>	<u>-</u>
Fund balance - ending	<u>\$ 14,505</u>	<u>\$ 14,505</u>	<u>\$ 114,862</u>	<u>\$ 100,357</u>

Records Archive Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 50,000	\$ 50,000	\$ 54,240	\$ 4,240
<u>500</u>	<u>500</u>	<u>5,357</u>	<u>4,857</u>
<u>50,500</u>	<u>50,500</u>	<u>59,597</u>	<u>9,097</u>
12,498	12,498	11,321	1,177
115,000	115,000	-	115,000
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>127,498</u>	<u>127,498</u>	<u>11,321</u>	<u>116,177</u>
(76,998)	(76,998)	48,276	125,274
<u>141,052</u>	<u>141,052</u>	<u>141,052</u>	<u>-</u>
<u>\$ 64,054</u>	<u>\$ 64,054</u>	<u>\$ 189,328</u>	<u>\$ 125,274</u>

LAVACA COUNTY, TEXAS*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
For the Year Ended September 30, 2023*

	Law Library Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 9,000	\$ 9,000	\$ 10,534	\$ 1,534
Investment income	<u>200</u>	<u>200</u>	<u>3,605</u>	<u>3,405</u>
Total revenues	<u>9,200</u>	<u>9,200</u>	<u>14,139</u>	<u>4,939</u>
Expenditures:				
Judicial and Legal:				
Operating expenditures	<u>15,500</u>	<u>15,500</u>	<u>7,417</u>	<u>8,083</u>
Total expenditures	<u>15,500</u>	<u>15,500</u>	<u>7,417</u>	<u>8,083</u>
Net change in fund balance	(6,300)	(6,300)	6,722	13,022
Fund balance - beginning	<u>112,412</u>	<u>112,412</u>	<u>112,412</u>	<u>-</u>
Fund balance - ending	<u>\$ 106,112</u>	<u>\$ 106,112</u>	<u>\$ 119,134</u>	<u>\$ 13,022</u>

Attorney Hot Check Collection Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 500	\$ 500	\$ 180	\$ (320)
-	-	48	48
500	500	228	(272)
13,000	13,000	1,552	11,448
13,000	13,000	1,552	11,448
(12,500)	(12,500)	(1,324)	11,176
13,471	13,471	13,471	-
\$ 971	\$ 971	\$ 12,147	\$ 11,176

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FEDERAL AWARDS SECTION

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Independent Auditor's Report

On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lavaca 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 29, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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2245 Avenue G
Bay City, TX 77414
979-245-9236



The Honorable County Judge
and Members of Commissioners Court
Lavaca County, Texas

Report on Compliance and Other Matters

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

Purpose of This Report

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

KM&L, LLC

Lake Jackson, Texas
May 29, 2024



Independent Auditor's Report

On Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable County Judge
And Members of Commissioners Court
Lavaca County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 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 the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

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The Honorable County Judge
and Members of Commissioners Court
Lavaca County, Texas

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

The Honorable County Judge
and Members of Commissioners Court
Lavaca County, Texas

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.

KM&L, LLC

Lake Jackson, Texas
May 29, 2024

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LAVACA COUNTY, TEXAS*Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023***I. Summary of auditor's results:**

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings, required to be reported in this schedule, were disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control findings, that are required to be reported in this schedule, was disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): No
7. Major Programs Include:
Federal:
 - 21.027 Coronavirus State and Local Fiscal Recovery Act
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
9. Low Risk Auditee: No

II. Findings related to the financial statements

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the federal and state awards.

The audit disclosed no findings required to be reported.

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SHANA OPELA
LAVACA COUNTY AUDITOR

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.

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SHANA OPELA
LAVACA COUNTY AUDITOR

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None.

LAVACA COUNTY, TEXAS

Exhibit 19

*Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023*

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Treasury:			
Direct Program:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	--	\$ <u>1,583,453</u>
TOTAL U.S. DEPARTMENT OF TREASURY			\$ <u>1,583,453</u>
 TOTAL FEDERAL ASSISTANCE			 \$ <u>1,583,453</u>
TOTAL MAJOR PROGRAMS			\$ <u>1,583,453</u>
TYPE A PROGRAM			\$ <u>750,000</u>

LAVACA COUNTY, TEXAS

Notes on Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2023

1. The County uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources. Funds are classified into two categories: governmental and fiduciary. Each category, in turn is divided into separate "fund types". The following fund types were utilized to account for federal awards.

Governmental Fund Types:

General Fund - this is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. Federal financial assistance not required to be reported in other funds is accounted for in the General Fund.

Special Revenue Funds - used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Federal financial assistance generally is accounted for in a Special Revenue Fund unless required to be reported in a Capital Projects Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

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. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other State grant funds were accounted for in the General Fund and Special Revenue Fund, a component of the Governmental Fund type.

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

3. The period of availability for state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal and state project period extended 30 days beyond the federal and state project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Compliance Supplement.
4. Indirect Cost - The County did not elect to use the 10 percent de minimis indirect cost rate and received no reimbursements for indirect costs during the year ended September 30, 2023.

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