FREESTONE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Davis, Heinemann & Company, P.C.
Certified Public Accountants
1300 11th Street Suite 500
Huntsville, Texas 77340
(936) 291-3020

Introductory Section

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Freestone County, Texas
Annual Financial Report
For The Year Ended September 30, 2024

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Financial Section

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DAVIS, HEINEMANN & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
1300 11TH STREET, SUITE 500
P.O. BOX 6308
HUNTSVILLE, TEXAS 77342
PHONE (936) 291-3020
FAX (936) 291-9607

Independent Auditor's Report

To the Commissioners' Court
Freestone County, Texas
118 East Commerce
Fairfield, Texas 75840

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Freestone County, Texas ("the County"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Freestone County, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Freestone County, Texas, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the County's proportionate share of the net pension liability and schedule of County pension contributions, 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 Freestone County, Texas' basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost*

Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2025 on our consideration of Freestone County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Freestone County, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

Davis, Heinemann & Co.

Davis, Heinemann & Company, P.C.

Huntsville, Texas
June 25, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The County's total combined net position was $19,763,982 at September 30, 2024.
- During the year, the County's expenses were $4,166,861 less than the $17,339,291 generated in taxes, charges for services, operating grants and other revenues for governmental activities.
- The total cost of the County's programs was $13,172,430.
- The general fund reported a fund balance this year of $12,307,776.

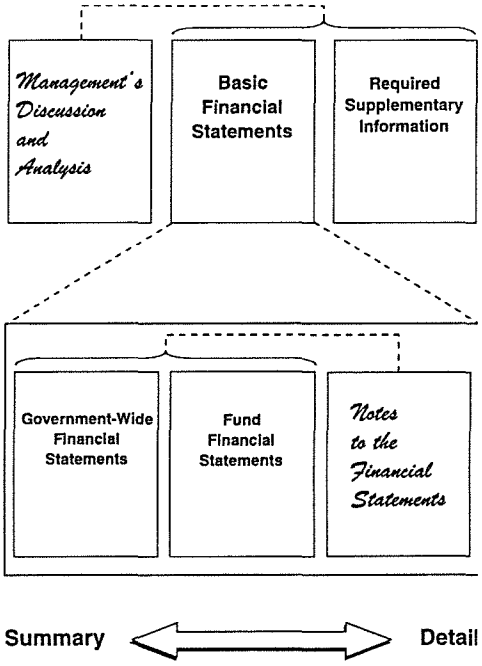
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.
- *The governmental funds* statements provide information on the financing of *general government* services in the *short-term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail. Following the statements is a section of *required supplementary information* that further explains and supports information in the financial statements. Figure A-1 shows the arrangement of the required parts of the annual report and the relationship to one another.

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



Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. The current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and the change. Net position—the difference between the County's assets and liabilities—is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as public service, public safety, public transportation, and general administration. Property taxes, charges for services and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detail information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and when applicable by bond covenants.

- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detail *short-term* view that helps management determine whether there are more or fewer financial resources available to finance the County's programs in the near future. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Fiduciary funds*—The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position.

The County's combined net position was $19,763,982 at September 30, 2024. (See Table A-1). Cash and cash equivalents increased $4,785.4 thousand from the prior year. The increase was primarily due to the maturity of $3,000.0 thousand of certificates of deposit and an increase in net position, partially offset by capital purchases and a decrease in unearned revenue. Capital assets increased $1,409.1 thousand due to purchases of equipment, software, machinery, vehicles and building improvements. The County ended the year with a net pension liability of $1,326.9 thousand, a decrease of $1,849.2 thousand.

Table A-1

Freestone County's Net Position

(In thousand of dollars)

	Governmental Activities		Total Change
	2024	2023	2024-2023
Current Assets:			
Cash and Cash Equivalents	$ 12,274.7	$ 7,489.3	$ 4,785.4
Short-Term Investments	6,000.0	9,000.0	(3,000.0)
Property Taxes Receivable	1,185.9	1,083.9	102.0
Fines and Fees Receivable	1,881.8	1,736.1	145.7
Intergovernmental Receivables	53.5	287.3	(233.8)
Other Receivables	3.2	47.6	(44.4)
Prepaid Expenses	61.6	65.2	(3.6)
Total Current Assets:	21,460.7	19,709.4	1,751.3
Non-Current Assets:			
Capital Assets	19,133.9	17,724.8	1,409.1
Less Accumulated Depreciation	(12,081.7)	(11,760.9)	(320.8)
Total Non-Current Assets	7,052.2	5,963.9	1,088.3
Total Assets	28,512.9	25,673.3	2,839.6
Deferred Outflows of Resources:			
Deferred Outflows Related to Pension Contributions	730.5	634.0	96.5
Deferred Outflows Related to OPEB Contributions	112.5	10.1	102.4
Deferred Outflows Related to Pensions	10.2	608.2	(598.0)
Deferred Outflows Related to OPEB	329.3	136.9	192.4
Total Deferred Outflows of Resources	1,182.5	1,389.2	(206.7)
Current Liabilities:			
Accounts Payable and Accrued Liabilities	780.5	570.6	209.9
Due to Others	108.4	119.5	(11.1)
Unearned Revenue	2,835.5	3,347.5	(512.0)
Current Portion of Long-Term Liabilities	139.1	105.2	33.9
Total Current Liabilities	3,863.5	4,142.8	(279.3)
Long-Term Liabilities:			
Notes, Leases and SBITAs Payable	183.5	19.1	164.4
Compensated Absences	86.9	65.6	21.3
Net Pension Liability	1,326.9	3,176.1	(1,849.2)
Net OPEB Liability	2,866.6	2,460.2	406.4
Total Long-Term Liabilities	4,463.9	5,721.0	(1,257.1)
Total Liabilities	8,327.4	9,863.8	(1,536.4)
Deferred Inflows of Resources:			
Deferred Inflows Related to Pensions	309.8	106.5	203.3
Deferred Inflows Related to OPEB	1,294.2	1,495.1	(200.9)
Total Deferred Inflows of Resources	1,604.0	1,601.6	2.4
Net Position:			
Net Investment in Capital Assets	6,729.6	5,839.6	890.0
Restricted	2,360.8	1,668.9	691.9
Unrestricted	10,673.6	8,088.6	2,585.0
Total Net Position	$ 19,764.0	$ 15,597.1	$ 4,166.9

Changes in net position.

The County's total revenues were $17,339,291. A significant portion, sixty-seven (67) percent of the County's revenue comes from property tax, fourteen (14) percent comes from charges for services, while nineteen (19) percent relates to operating grants, intergovernmental revenue, investment earnings and other income.

The total cost of all programs and services was $13,172,430; thirty-one (31) percent of these costs are for public safety, twenty-five (25) percent are for public transportation, twenty (20) percent are for general and financial administration, ten (10) percent are for judicial and elections, and the remaining fourteen (14) percent are for various county services and intergovernmental county costs (See Table A-2).

Governmental Activities

Table A-2
Changes in Freestone County's Net Position
(In thousand of dollars)

	Governmental Activities		Change
	2024	2023	2024-2023
Program Revenues:			
Charges for Services	$ 2,391.6	$ 2,115.8	$ 275.8
Operating Grants and Contributions	1,679.6	1,118.3	561.3
Capital Grants and Contributions	523.2	-	523.2
General Revenues:			
Property Taxes	11,603.5	11,147.7	455.8
Investment Earnings	841.1	542.8	298.3
Gain on Sale of Capital Assets	53.4	3.6	49.8
Other	246.9	180.4	66.5
Total Revenues	17,339.3	15,108.6	2,230.7
Program Expenses:			
General Administration	1,826.5	2,873.8	(1,047.3)
Financial Administration	872.6	926.1	(53.5)
Public Safety	4,055.7	3,453.8	601.9
Judicial and Elections	1,355.3	1,562.7	(207.4)
Health and Welfare	510.2	516.6	(6.4)
Public Transportation	3,279.8	2,960.0	319.8
Intergovernmental Expenditures	1,147.1	1,467.9	(320.8)
Waste Disposal	125.2	68.9	56.3
Total Expenses	13,172.4	13,829.8	(657.4)
Change in Net Position	4,166.9	1,278.8	2,888.1
Beginning Net Position	15,597.1	14,318.3	1,278.8
Ending Net Position	$ 19,764.0	$ 15,597.1	$ 4,166.9

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

General Fund Budgetary Highlights

Actual expenditures in the General Fund were $1,038.9 thousand less than final budget amounts. General administration expenditures were lower than budgeted primarily due to lower capital expenditures than budgeted and contingency expenditures not spent. Public safety expenditures were lower due to lower dispatch expenditures than

budgeted. Financial administration expenditures were $316.6 thousand more than budgeted due to recognizing expenditures for lease assets and subscription-based information technology arrangements.

On the other hand, amounts available for appropriation were $494.7 thousand more than final budget amounts. This was primarily the result of higher interest income than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the County had invested $19,133.9 thousand in a broad range of capital assets, including infrastructure, buildings and improvements, equipment, and vehicles (See Table A-3).

Table A-3
Freestone County's Capital Assets
(In thousand of dollars)

	Governmental Activities 2024	Governmental Activities 2023	Change 2024-2023
Capital Assets			
Land	$ 602.5	$ 602.5	$ -
Construction in Progress	561.1	104.6	456.5
Right-to-Use Assets	65.2	45.1	20.1
SBITA Assets	307.3	207.0	100.3
Roads and Bridges	1,780.2	1,780.2	-
Buildings and Improvements	7,191.6	7,076.4	115.2
Vehicles	2,597.5	2,365.4	232.1
Machinery and Equipment	4,530.1	4,288.4	241.7
Furniture and Equipment	1,498.4	1,255.2	243.2
Totals at Historical Cost	19,133.9	17,724.8	1,409.1
Total Accumulated Depreciation	(12,081.7)	(11,760.9)	(320.8)
Net Capital Assets	$ 7,052.2	$ 5,963.9	$ 1,088.3

Long-Term Debt

As of September 30, 2024, the County had outstanding debt as shown in Table A-4. More information about the County's debt is in the notes to the financial statements.

Table A-4
Freestone County's Long-Term Debt
(In thousand of dollars)

	Governmental Activities 2024	Governmental Activities 2023	Change 2024-2023
Debt Payable			
Right-to-Use Assets Lease	$ 54.4	$ 27.0	$ 27.4
SBITA Liability	268.2	97.3	170.9
Compensated Absences	86.9	65.6	21.3
Net Pension Liability	1,326.9	3,176.1	(1,849.2)
Total OPEB Liability	2,866.6	2,460.2	406.4
Total Long-Term Debt	$ 4,603.0	$ 5,826.2	$ (1,223.2)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- The General Fund revenues for fiscal year 2024-2025 are expected to increase by about $270,000, or two (2) percent from the prior year. Ad valorem taxes are forecasted to increase $139,800 due to the addition of new property. In addition, expenditures for the General Fund are budgeted to increase by about $1,818,000, or fourteen (14) percent from the prior year. The primary increase in expenditures is higher capital outlay expenditures related to courthouse improvements. The General Fund also budgeted to transfer $77,000 to various funds in the 2024-2025 fiscal year. If these estimates are realized, the General Fund's fund balance is projected to decrease nearly $1,618,000 for fiscal year 2024-2025.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the County Auditor at 118 E. Commerce, Room 209, Fairfield, Texas 75840.

Basic Financial Statements

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FREESTONE COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	$ 12,274,714
Investments	6,000,000
Taxes Receivable	1,185,876
Accounts Receivable	3,150
Due from Other Governments	53,494
Fines and Fees Receivable	1,881,783
Prepaid Items	61,576
Land	602,525
Construction in Progress	561,087
Other Capital Assets, Net of Accumulated Depreciation	5,888,635
Total Assets	28,512,840
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows - Pension Contributions	730,523
Deferred Outflows - Other Pension	112,488
Deferred Outflows - OPEB Contributions	10,246
Deferred Outflows - OPEB	329,254
Total Deferred Outflows of Resources	1,182,511
LIABILITIES:	
Accounts Payable	467,240
Due to Others	108,427
Accrued Liabilities	313,249
Unearned Revenue	2,835,455
Noncurrent Liabilities	
Due Within One Year	139,151
Due in More Than One Year	270,372
Net Pension Liability	1,326,855
Total OPEB Liability	2,866,636
Total Liabilities	8,327,385
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows - Pension	309,817
Deferred Inflows - OPEB	1,294,167
Total Deferred Inflows of Resources	1,603,984
NET POSITION:	
Net Investment in Capital Assets	6,729,579
Restricted For:	
Special Revenue	2,360,787
Unrestricted	10,673,616
Total Net Position	$ 19,763,982

The accompanying notes are an integral part of this statement.

FREESTONE COUNTY, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
General Administration	$ 1,826,476	$ 825,324	$ 62,051	$ --	$ (939,101)
Financial Administration	872,633	261,338	--	--	(611,295)
Public Safety	4,055,717	87,758	643,431	261,027	(3,063,501)
Judicial	1,355,299	151,116	65,021	--	(1,139,162)
Health and Welfare	510,192	17,035	132,496	--	(360,661)
Public Transportation	3,279,853	657,870	500,308	262,196	(1,859,479)
Intergovernmental Expenditures	1,147,068	355,304	276,285	--	(515,479)
Waste Disposal	125,192	35,881	--	--	(89,311)
Total Governmental Activities	13,172,430	2,391,626	1,679,592	523,223	(8,577,989)
Total Primary Government	$ 13,172,430	$ 2,391,626	$ 1,679,592	$ 523,223	(8,577,989)
General Revenues:					
Property Taxes					11,603,522
Interest and Royalty Income					841,046
Other Income					246,920
Gain/Loss on Sale of Capital Assets					53,362
Total General Revenues					12,744,850
Change in Net Position					4,166,861
Net Position - Beginning					15,597,121
Net Position - Ending					$ 19,763,982

The accompanying notes are an integral part of this statement.

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FREESTONE COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

ASSETS AND OTHER DEBITS	General Fund	Road and Bridge Fund Precinct 1	Road and Bridge Fund Precinct 2	Road and Bridge Fund Precinct 3
Assets:				
Cash and Cash Equivalents	$ 6,828,562	$ 529,237	$ 341,676	$ 248,890
Investments	6,000,000	--	--	--
Taxes Receivable	916,760	67,279	67,279	67,279
Accounts Receivable	3,150	--	--	--
Due from Other Funds	500	--	--	--
Due from Other Governments	53,494	--	--	--
Prepaid Items	61,576	--	--	--
Total Assets	$ 13,864,042	$ 596,516	$ 408,955	$ 316,169
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 366,907	$ (1,676)	$ 5,432	$ 22,937
Accrued Liabilities	252,069	7,146	9,886	11,783
Due to Other Funds	--	--	--	--
Due to Others	1,595	--	--	--
Unearned Revenue	18,935	--	--	--
Total Liabilities	639,506	5,470	15,318	34,720
Deferred Inflows of Resources:				
Deferred Inflows - Property Taxes	916,760	67,279	67,279	67,279
Total Deferred Inflows of Resources	916,760	67,279	67,279	67,279
Fund Balances:				
Nonspendable	61,576	--	--	--
Restricted				
Special Revenue	--	523,767	326,358	214,170
Unassigned	12,246,200	--	--	--
Total Fund Balance	12,307,776	523,767	326,358	214,170
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 13,864,042	$ 596,516	$ 408,955	$ 316,169

The accompanying notes are an integral part of this statement.

Road and Bridge Fund Precinct 4	American Rescue Plan	SB 22 Law Enforcement Grant	Other Governmental Funds	Total Governmental Funds
$ 636,266	$ 2,632,770	$ 544,324	$ 512,989	$ 12,274,714
--	--	--	--	6,000,000
67,279	--	--	--	1,185,876
--	--	--	--	3,150
--	--	--	--	500
--	--	--	--	53,494
--	--	--	--	61,576
$ 703,545	$ 2,632,770	$ 544,324	$ 512,989	$ 19,579,310
$ 7,147	$ 36,446	$ 5,630	$ 24,417	$ 467,240
9,891	--	609	21,865	313,249
--	--	--	500	500
--	--	--	106,832	108,427
--	2,280,115	536,405	--	2,835,455
17,038	2,316,561	542,644	153,614	3,724,871
67,279	--	--	--	1,185,876
67,279	--	--	--	1,185,876
--	--	--	--	61,576
619,228	316,209	1,680	359,375	2,360,787
--	--	--	--	12,246,200
619,228	316,209	1,680	359,375	14,668,563
$ 703,545	$ 2,632,770	$ 544,324	$ 512,989	$ 19,579,310

FREESTONE COUNTY, TEXAS

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

Total fund balances - governmental funds balance sheet	$	14,668,563
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		7,052,247
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,185,876
Payables for right-to-use leases which are not due in the current period are not reported in the funds.		(54,452)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(86,855)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.		1,881,783
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.		(1,326,855)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(309,817)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		843,011
Recognition of the County's proportionate share of the net OPEB liability is not reported in the funds.		(2,866,636)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(1,294,167)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		339,500
Payables for subscriptions which are not due in the current period are not reported in the funds.		(268,216)
Net position of governmental activities - Statement of Net Position	$	19,763,982

The accompanying notes are an integral part of this statement.

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FREESTONE COUNTY, TEXAS

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

	General Fund	Road and Bridge Fund Precinct 1	Road and Bridge Fund Precinct 2	Road and Bridge Fund Precinct 3
Revenue:				
Property Taxes	$ 8,993,252	$ 627,062	$ 627,062	$ 627,061
Intergovernmental	579,875	--	5,631	--
Charges for Services	974,710	164,466	164,466	164,466
Waste Disposal	35,881	--	--	--
Interest and Royalty Income	650,395	12,356	3,402	2,840
Other	537,007	920	1,853	3,180
Total Revenues	11,771,120	804,804	802,414	797,547
Expenditures:				
General Administration	2,383,257	--	--	--
Financial Administration	1,323,081	--	--	--
Public Safety	4,068,563	--	--	--
Judicial	1,597,322	--	--	--
Health and Welfare	536,739	--	--	--
Public Transportation	--	653,934	724,982	772,331
Intergovernmental Expenditures	854,865	--	--	--
Waste Disposal	182,041	--	--	--
Total Expenditures	10,945,868	653,934	724,982	772,331
Excess (Deficiency) of Revenues Over (Under) Expenditures	825,252	150,870	77,432	25,216
Other Financing Sources (Uses):				
Transfers In	--	--	--	--
Transfers Out	(39,700)	--	--	--
Lease and SBITA Proceeds	339,374	--	--	--
Sale of Capital Assets	--	1,257	--	4,005
Total Other Financing Sources (Uses)	299,674	1,257	--	4,005
Net Change in Fund Balances	1,124,926	152,127	77,432	29,221
Fund Balances - Beginning	11,182,850	371,640	248,926	184,949
Fund Balances - Ending	$ 12,307,776	$ 523,767	$ 326,358	$ 214,170

The accompanying notes are an integral part of this statement.

Road and Bridge Fund Precinct 4	American Rescue Plan	SB 22 Law Enforcement Grant	Other Governmental Funds	Total Governmental Funds
$ 627,061	$ --	$ --	$ --	$ 11,501,498
--	1,051,558	513,595	34,055	2,184,714
164,472	--	--	195,690	1,828,270
--	--	--	--	35,881
4,038	164,028	1,680	2,307	841,046
12,444	--	--	91,422	646,826
808,015	1,215,586	515,275	323,474	17,038,235
--	18,400	--	162,344	2,564,001
--	--	--	--	1,323,081
--	--	350,000	32,538	4,451,101
--	--	163,595	74,814	1,835,731
--	--	--	9,756	546,495
657,450	756,873	--	15,000	3,580,570
--	276,285	--	--	1,131,150
--	--	--	--	182,041
657,450	1,051,558	513,595	294,452	15,614,170
150,565	164,028	1,680	29,022	1,424,065
--	--	--	39,700	39,700
--	--	--	--	(39,700)
--	--	--	--	339,374
48,100	--	--	--	53,362
48,100	--	--	39,700	392,736
198,665	164,028	1,680	68,722	1,816,801
420,563	152,181	--	290,653	12,851,762
$ 619,228	$ 316,209	$ 1,680	$ 359,375	$ 14,668,563

FREESTONE COUNTY, TEXAS

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

Net change in fund balances - total governmental funds	$	1,816,801
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		1,796,399
The depreciation of capital assets used in governmental activities is not reported in the funds.		(708,029)
The gain or loss on the sale of capital assets is not reported in the funds.		53,362
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.		(53,362)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		102,025
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.		145,670
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.		18,933
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(21,299)
Right-to-use lease proceeds are not revenue in the SOA, but are reported as current resources in the funds.		(46,382)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		1,246,753
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.		(13,113)
Repayment of subscription principal is an expenditure in the funds, but is not an expense in the SOA.		122,095
Subscription proceeds are not revenue in the SOA, but are reported as current resources in the funds.		(292,992)
Change in net position of governmental activities - Statement of Activities	$	4,166,861

The accompanying notes are an integral part of this statement.

FREESTONE COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	County Officials Trust and Agency Fund
ASSETS:	
Cash and Cash Equivalents	$ 2,587,512
Total Assets	$ 2,587,512
LIABILITIES:	
Due to Others	$ 1,740,380
Due to Other Governments	847,132
Total Liabilities	$ 2,587,512

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

The combined financial statements of Freestone County, Texas (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County
- the exclusion of the organization would result in misleading or incomplete financial statements

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund. This 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.

Road and Bridge Funds. These funds are designated by the County as major for fiscal year 2024. These funds account for the costs associated with the construction and maintenance of roads and bridges. Revenues are derived mainly from ad-valorem taxes, intergovernmental revenues, and fees and fines.

American Rescue Plan Fund. This fund accounts for grant funds received under the American Rescue Plan Act, and are used for various improvements, supplies and materials, equipment, and other expenditures allowed by the grant terms.

SB 22 Law Enforcement Grant. This fund provides financial assistance to sheriff's departments, constable's offices and district and county attorney's offices in eligible counties to ensure professional law enforcement and legal representation of the people's interests throughout the state.

In addition, the County reports the following fund types:

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all

taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

b. Inventories and Prepaid Items

Inventories on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	40
Buildings	50
Building Improvements	5-20
Vehicles	5-10
Office Equipment	5-7
Computer Equipment	5-7
Right-to-use Lease Assets	2-5
Right-to-use Subscription Assets	2-3

d. Receivable and Payable Balances

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to or deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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.

f. Other Post-Employment Benefits (OPEB)

The total OPEB liability of the Texas County District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as- you-go plan and all cash is held in a cash account.

For purposes of measuring the Retiree Health Plan total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefits terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a report prepared by a consulting actuary, CapRisk Consulting Group.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the Commissioners' Court removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners' Court. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
District Attorney Special Revenue	$ 332	The County did not transfer sufficient funds for expenditures. The County will monitor the fund in the future to ensure a positive fund balance.

C. Deposits and Investments

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

Cash Deposits:

At September 30, 2024, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $12,352,162 and the bank balance was $13,018,595. The County's cash deposits at September 30, 2024 and during the year ended September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The County also holds funds in TexPool, a public funds investment pool. The balance at September 30, 2024 was $8,508,050, and is classified as cash equivalents in the financial statements.

Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County's investments at September 30, 2024 are shown below.

Investment or Investment Type	Maturity	Rate	Book Value
Certificate of Deposit	4/9/2025	4.74%	$ 1,000,000
Certificate of Deposit	10/9/2024	4.83%	1,000,000
Certificate of Deposit	10/10/2024	4.83%	1,000,000
Certificate of Deposit	10/24/2024	4.83%	500,000
Certificate of Deposit	10/24/2024	4.83%	500,000
Certificate of Deposit	1/24/2025	4.78%	500,000
Certificate of Deposit	1/24/2025	4.78%	500,000
Certificate of Deposit	12/12/2025	4.50%	1,000,000
Total Investments			$ 6,000,000

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy above.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County presently has no recurring fair value measurements.

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

Investment Accounting Policy:

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools:

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 602,525	$ --	$ --	$ 602,525
Construction in Progress	104,562	456,525	--	561,087
Total Capital Assets Not Being Depreciated	707,087	456,525	--	1,163,612
Capital Assets Being Depreciated:				
Right-to-Use Assets	45,050	46,382	26,250	65,182
SBITA Assets	206,976	292,992	192,684	307,284
Road and Bridges	1,780,229	--	--	1,780,229
Buildings and Improvements	7,076,297	115,350	--	7,191,647
Furniture and Equipment	1,255,277	243,084	--	1,498,361
Machinery and Heavy Equipment	4,306,141	322,628	98,676	4,530,093
Vehicles	2,347,724	319,438	69,618	2,597,544
Total Capital Assets Being Depreciated	17,017,694	1,339,874	387,228	17,970,340
Less Accumulated Depreciation for:				
Right-to-Use Assets	(18,599)	(18,242)	(26,250)	(10,591)
SBITA Assets	(111,296)	(121,123)	(192,684)	(39,735)
Road and Bridges	(410,987)	(44,507)	--	(455,494)
Buildings and Improvements	(4,881,683)	(124,045)	--	(5,005,728)
Furniture and Equipment	(950,586)	(82,411)	--	(1,032,997)
Machinery and Heavy Equipment	(3,341,457)	(185,498)	(98,676)	(3,428,279)
Vehicles	(2,046,296)	(132,203)	(69,618)	(2,108,881)
Total Accumulated Depreciation	(11,760,904)	(708,029)	(387,228)	(12,081,705)
Total Capital Assets Being Depreciated, Net	5,256,790	631,845	--	5,888,635
Governmental Activities Capital Assets, Net	$ 5,963,877	$ 1,088,370	$ --	$ 7,052,247

Depreciation was charged to functions as follows:

General Government	$ 191,826
Finance	125,461
Judicial	10,966
Health and Welfare	973
Public Safety	100,377
Public Transportation	255,875
Waste Disposal	6,633
Intergovernmental	15,918
	$ 708,029

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2024, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	$ 500	Short-term loans
	Total	$ 500	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2024, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Other Governmental Funds	$ 39,700	Supplement other funds sources
	Total	$ 39,700	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Lease liability	$ 27,003	$ 46,382	$ 18,933	$ 54,452	$ 20,732
Subscriptions liability	97,319	292,992	122,095	268,216	118,419
Net pension liability *	3,176,131	5,455,561	7,304,837	1,326,855	--
Total OPEB liability *	2,460,153	538,920	132,437	2,866,636	--
Compensated absences *	65,556	21,299	--	86,855	--
Total governmental activities	$ 5,826,162	$ 6,355,154	$ 7,578,302	$ 4,603,014	$ 139,151

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund
Net pension liability	Governmental	General Fund
Total OPEB liability	Governmental	General Fund

G. Leases and Subscription-Based Information Technology Arrangements

Leases

The County entered into a lease in February, 2023, for postage machine hardware used. The lease has quarterly payments of $1,082 and an implied interest rate of 5.50% for twenty (20) quarters. The original lease liability was calculated to be $18,800.

The County entered into a lease in July, 2024, for computer hardware used to run the tax assessor-collector software program. The lease has quarterly payments ranging from $4,725 to $5,168, and an implied interest rate of 6.50% for ten (10) quarters. The original lease liability was calculated to be $46,382.

The future lease payment maturity schedule is as follows:

Year ended September 30,	Principal	Interest	Total
2025	$ 20,732	$ 2,937	$ 23,669
2026	23,445	1,552	24,997
2027	9,208	285	9,493
2028	1,067	14	1,081
	$ 54,452	$ 4,788	$ 59,240

Subscription-Based Information Technology Arrangements (SBITAs)

The County entered into a SBITA in July, 2023, for the Law Library reference software. The SBITA has monthly payments of $615 and an implied interest rate of 5.50% for twenty-four (24) months. The original SBITA liability was calculated to be $14,292.

The County entered into a SBITA in July, 2024, for the tax assessor-collector software program. The SBITA has quarterly payments ranging from $27,760 to $31,403, and an implied interest rate of 6.50% for ten (10) quarters. The original SBITA liability was calculated to be $284,000.

The County entered into a SBITA in October, 2023, for the Criminal Law reference software. The SBITA has monthly payments ranging from $267 to $285 and an implied interest rate of 6.50% for thirty-six (36) months. The original SBITA liability was calculated to be $8,992.

The future SBITA payment maturity schedule is as follows:

Year ended September 30,	Principal	Interest	Total
2025	$ 118,419	$ 14,444	$ 132,863
2026	119,545	6,845	126,390
2027	30,252	491	30,743
	$ 268,216	$ 21,780	$ 289,996

H. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2024, the County obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The County pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The County continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

I. Pension Plan

1. Plan Description

The County participates in a nontraditional defined benefit pension plan, Texas County and District Retirement System (TCDRS), that provides pensions for all its eligible employees. The TCDRS Board of Trustees is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 869 participating employers. TCDRS in the aggregate issues an 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, Texas, 78768.

All full and part-time, non-temporary employees of the County are required to participate in TCDRS.

2. Benefits Provided

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

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

The Plan is open to new entrants.

3. 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	134
Inactive employees entitled to but not yet receiving benefits	185
Active employees	144
Total covered employees	463

4. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed $984,895 using the actuarially determined rate of 16.42 percent for the calendar year 2023 and 16.40 percent for calendar year 2024.

The contribution rate payable by the employee for the calendar years 2023 and 2024 was 7.0% as adopted by the Commissioners' Court. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court within the options available in the TCDRS Act.

5. Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Payroll growth	3.00%
Real rate of return	5.00%
Long-term investment return	7.50%

Updated mortality assumptions were adopted in 2021. All other actuarial assumptions that determined the total pension liability as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 68. In addition, mortality rates were based on the following mortality tables.

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

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 numbers shown are based on January 2024 information for a 10-year time horizon. The valuation assumptions 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 current assumptions were adopted in March 2021. The assumptions for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act. 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. The employer is legally required to make the contribution specified in the funding policy. 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. 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 assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected levels 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 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.

6. Plan Fiduciary Net Position

Changes in Net Pension Liability	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	$ 35,525,762	$ 32,349,631	$ 3,176,131
Changes for the year			
Service cost	698,691	--	698,691
Interest	2,659,983	--	2,659,983
Effect of plan changes	--	--	--
Effect of economic/demographic gains or losses	(464,726)	--	(464,726)
Effect of assumptions changes or inputs	--	--	--
Refunds of contributions	(161,561)	(161,561)	--
Benefit payments	(2,333,470)	(2,333,470)	--
Contributions - employer	--	888,394	(888,394)
Contributions - employee	--	378,308	(378,308)
Net investment income	--	3,543,104	(3,543,104)
Administrative expense	--	(18,066)	18,066
Other changes	--	(48,516)	48,516
Net changes	398,917	2,248,193	(1,849,276)
Balance at 12/31/2023	$ 35,924,679	$ 34,597,824	$ 1,326,855

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 that is 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	$ 39,665,600	$ 35,924,679	$ 32,710,643
Fiduciary net position	34,597,824	34,597,824	34,597,824
Net pension liability	$ 5,067,776	$ 1,326,855	$ (1,887,181)

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

For the fiscal year ended September 30, 2024, the County recognized pension expense of $(261,861).

At September 30, 2024, 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	$ 51,781	$ 309,817
Changes in actuarial assumptions	--	--
Difference between projected and actual investment earnings	60,707	--
Contributions subsequent to the measurement date	730,523	--
Total	$ 843,011	$ 309,817

The $730,523 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended September 30:	
2025	$ (375,904)
2026	$ (297,943)
2027	$ 703,084
2028	$ (226,566)
2029	$ --
Thereafter	$ --

J. Other Post-Employment Benefits

Texas County and District Retirement System Group Term Life

1. Plan Description

The County participates in the Texas County and District Retirement System (TCDRS) defined benefit group-term life insurance program known as the Group Term Life (GTL). This is a voluntary program in which participating member counties may elect to provide group-term life insurance coverage for their active members, including retirees. As the GTL program covers both active and retiree participants, with no segregation of assets, the GTL fund is considered to be an unfunded OPEB plan and does not meet the definition of trust under GASB No. 75, Paragraph 4. The member county contributes to the GTL program at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one year term life insurance. The funding policy for the GTL program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

2. 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 OPEB benefit is a fixed $5,000 lump sum benefit. Benefit terms are established under the TCDRS Act. Participation in the retiree plan is optional and the employer may elect to opt out (or opt into) coverage as of January 1 of each year.

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	110
Inactive employees entitled to but not yet receiving benefits	24
Active employees	144
Total covered employees	278

3. The County contributes to the GTL fund at a contractually required rate as determined by an annual actuarial valuation. The County's contributions equaled the required contributions each of the last two fiscal years.

	2023	2024
Active Member Contribution Rate	0.24%	0.20%
Retiree Contribution Rate	0.26%	0.23%
Fiscal year contributions for active members	$ 13,715	$ 12,628
Fiscal year contributions for retirees	$ 14,199	$ 14,274

4. Total OPEB Liability

The County's OPEB liability of $481,746 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date, calculated based on the discount rate and actuarial assumptions.

Actuarial assumptions:

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

Valuation Date	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.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	Straight-line amortization over Expected Working Life
Investment Rate of Return	3.26%
Mortality	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

5. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	$ 430,320
Changes for the year:	
Service cost	14,624
Interest on total OPEB liability	16,293
Changes of benefit terms	--
Effect of economic/demographic experience	2,354
Effect of assumption changes or inputs	32,206
Benefit payments	(14,051)
Net changes	51,426
Total OPEB liability - end of year	$ 481,746

6. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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 that is 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%
County's total OPEB liability	$ 565,049	$ 481,746	$ 415,782

7. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the County recognized OPEB expense of $23,269. At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of of Resources
Differences between expected and actual experience	$ 4,583	$ 11,398
Changes in assumptions and other inputs	37,258	78,466
Contributions subsequent to the measurement date	10,246	--
Total	$ 52,087	$ 89,864

Contributions subsequent to the measurement date of $10,246 reported as deferred outflows of resources related to OPEB will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended September 30:	
2025	$ (7,654)
2026	$ (20,183)
2027	$ (20,186)
2028	$ --
2029	$ --
Thereafter	$ --

Retiree Health Plan

1. Plan Description

The County provides medical benefits to eligible retirees when they reach Medicare eligibility. Each regular employee who has 12 years or more of continuous service as a full time Freestone County employee will be eligible for the Medicare Supplement furnished by the County when they reach age 65. If the employee is not Medicare eligible at the time of separation, but has 12 or more years of continuous service, they may continue with pre-65 retiree insurance at their expense until they become Medicare eligible.

2. Benefits Provided

The County provides medical benefits to eligible retirees when they reach Medicare eligibility. The County pays the individual Medicare supplement premium from age 65 for the life of the retiree as long as the coverage is continued.

At the September 30, 2023 valuation date, the following individuals were covered by the benefit terms:

	Single Only	Dependent Coverage
Active	81	16
Retired	15	--
Total	96	16

3. Total OPEB Liability

The County's OPEB liability of $2,384,890 was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2024, calculated based on the discount rate and actuarial assumptions.

Actuarial assumptions:

The total OPEB liability at the September 30, 2024 measurement date, and based on the September 30, 2024 actuarial valuation, was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary scale	3.50%
Mortality table	RPH-2014 Total Table with Projection MP-2021
Discount rate	4.06% (1.56% real rate of return plus 2.50% inflation)
Disability	None assumed
Health care cost trend	Level 4.50%

Since there are no assets held in trust, the discount rate was based on the Bond Buyer GO-20 bond index. At the time of the valuation, the rate was trending down in recent months. The discount rate selected for the valuation was 4.06%.

4. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	$ 2,029,833
Changes for the year:	
Service cost	138,545
Interest on total OPEB liability	102,174
Changes of benefit terms	--
Differences between expected and actual experience	(68,024)
Changes in assumptions or other inputs	235,078
Benefit payments	(52,716)
Net changes	355,057
Total OPEB liability - end of year	$ 2,384,890

5. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.06%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

	1% Decrease in Discount Rate 3.06%	Discount Rate 4.06%	1% Increase in Discount Rate 5.06%
County's total OPEB liability	$ 2,063,236	$ 2,384,890	$ 2,781,624

The following presents the total OPEB liability of the County, calculated using the health care cost trend rate of 4.50%, as well as what the County's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease in Trend Rate 3.50%	Trend Rate 4.50%	1% Increase in Trend Rate 5.50%
County's total OPEB liability	$ 2,024,807	$ 2,384,890	$ 2,844,814

6. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the County recognized OPEB expense of $56,796. At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of of Resources
Differences between expected and actual experience	$ --	$ 610,878
Changes in assumptions and other inputs	287,413	593,425
Contributions subsequent to the measurement date	--	--
Total	$ 287,413	$ 1,204,303

Since the valuation date is as of September 30, 2024, which is the same date as the County's fiscal year end, the County does not have any contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB that will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended September 30:		
2024	$	(183,923)
2025	$	(183,923)
2026	$	(183,923)
2027	$	(190,544)
2028	$	(196,929)
Thereafter	$	22,352

K. Health Care Coverage

During the year ended September 30, 2024, employees of the County were covered by a health insurance plan (the Plan). The County paid premiums of $850 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the County and the licensed insurer is renewable October 1, and terms of coverage and premium costs are included in the contractual provisions.

L. Commitments and Contingencies

1. Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the County at September 30, 2024.

M. Tax Abatements

The County will occasionally enter into property tax abatement agreements with local businesses under the property Tax Code, Chapter 312, cited as the Property Redevelopment and Tax Abatement Act. Under the Act, the County is eligible to establish Enterprise Zones and participate in a tax abatement. The County has established a Tax Increment Reinvestment Zone (TIRZ) program to establish guidance for the tax abatements. The tax abatements, which are meant to stimulate economic development, are applicable to commercial and/or industrial improvements on a case-by-case basis. The tax abatement only applies to the increase in the value of the property due to improvements.

For the fiscal year ended September 30, 2024, the County established agreements with four (4) solar and battery energy companies. The agreements have estimated capital investments ranging from $90,000,000 to $351,000,000 and the tax abatements are 100% of the certified appraised value of the projects for ten (10) years, starting on January 1 of the calendar year immediately following the completion date of the projects.

As of September 30, 2024, none of the projects had been completed, and thus, no taxes were abated during the year.

N. Subsequent Events

The County did not have any subsequent events through June 25, 2025, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended September 30, 2024.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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FREESTONE COUNTY, TEXAS

EXHIBIT B-1

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue:				
Property Taxes	$ 9,112,407	$ 9,112,407	$ 8,993,252	$ (119,155)
Intergovernmental	512,500	512,500	579,875	67,375
Charges for Services	855,550	855,550	974,710	119,160
Waste Disposal	35,000	35,000	35,881	881
Interest and Royalty Income	337,500	337,500	650,395	312,895
Other	423,500	423,500	537,007	113,507
Total Revenues	11,276,457	11,276,457	11,771,120	494,663
Expenditures:				
General Administration	3,170,131	2,979,156	2,383,257	595,899
Financial Administration	1,001,737	1,006,475	1,323,081	(316,606)
Public Safety	4,492,289	4,547,237	4,068,563	478,675
Judicial	1,659,332	1,678,388	1,597,322	81,066
Health and Welfare	588,765	607,868	536,739	71,129
Intergovernmental Expenditures	885,853	944,571	854,865	89,706
Waste Disposal	186,653	221,065	182,041	39,024
Total Expenditures	11,984,760	11,984,760	10,945,868	1,038,892
Excess (Deficiency) of Revenues Over (Under) Expenditures	(708,303)	(708,303)	825,252	1,533,555
Other Financing Sources (Uses):				
Transfers In	735,000	735,000	--	(735,000)
Transfers Out	(725,000)	(725,000)	(39,700)	685,300
Lease and SBITA Proceeds	--	--	339,374	339,374
Total Other Financing Sources (Uses)	10,000	10,000	299,674	289,674
Net Change in Fund Balances	(698,303)	(698,303)	1,124,926	1,823,229
Fund Balances - Beginning	11,182,850	11,182,850	11,182,850	--
Fund Balances - Ending	$ 10,484,547	$ 10,484,547	$ 12,307,776	$ 1,823,229

FREESTONE COUNTY, TEXAS

EXHIBIT B-2

ROAD AND BRIDGE FUND - PCT 1
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue:				
Property Taxes	$ 640,819	$ 640,819	$ 627,062	$ (13,757)
Charges for Services	157,500	157,500	164,466	6,966
Interest and Royalty Income	1,800	1,800	12,356	10,556
Other	--	--	920	920
Total Revenues	800,119	800,119	804,804	4,685
Expenditures:				
Public Transportation	1,197,509	1,197,509	653,934	543,575
Total Expenditures	1,197,509	1,197,509	653,934	543,575
Excess (Deficiency) of Revenues Over (Under) Expenditures	(397,390)	(397,390)	150,870	548,260
Other Financing Sources (Uses):				
Sale of Capital Assets	--	--	1,257	1,257
Total Other Financing Sources (Uses)	--	--	1,257	1,257
Net Change in Fund Balances	(397,390)	(397,390)	152,127	549,517
Fund Balances - Beginning	371,640	371,640	371,640	--
Fund Balances - Ending	$ (25,750)	$ (25,750)	$ 523,767	$ 549,517

FREESTONE COUNTY, TEXAS

EXHIBIT B-3

ROAD AND BRIDGE FUND - PCT 2
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue:				
Property Taxes	$ 640,818	$ 640,818	$ 627,062	$ (13,757)
Intergovernmental	56,606	56,606	5,631	(50,975)
Charges for Services	157,000	157,000	164,466	7,466
Interest and Royalty Income	1,800	1,800	3,402	1,602
Other	--	--	1,853	1,853
Total Revenues	856,224	856,224	802,414	(53,810)
Expenditures:				
Public Transportation	1,200,598	1,200,598	724,982	475,616
Total Expenditures	1,200,598	1,200,598	724,982	475,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344,374)	(344,374)	77,432	421,806
Net Change in Fund Balances	(344,374)	(344,374)	77,432	421,806
Fund Balances - Beginning	248,926	248,926	248,926	--
Fund Balances - Ending	$ (95,448)	$ (95,448)	$ 326,358	$ 421,806

FREESTONE COUNTY, TEXAS

EXHIBIT B-4

ROAD AND BRIDGE FUND - PCT 3
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	1	2	3	Variance with Final Budget Positive
	Budgeted Amounts			
	Original	Final	Actual	(Negative)
Revenue:				
Property Taxes	$ 640,819	$ 640,819	$ 627,061	$ (13,758)
Charges for Services	157,000	157,000	164,466	7,466
Interest and Royalty Income	1,800	1,800	2,840	1,040
Other	--	--	3,180	3,180
Total Revenues	799,619	799,619	797,547	(2,072)
Expenditures:				
Public Transportation	1,078,291	1,078,291	772,331	305,960
Total Expenditures	1,078,291	1,078,291	772,331	305,960
Excess (Deficiency) of Revenues Over (Under) Expenditures	(278,672)	(278,672)	25,216	303,888
Other Financing Sources (Uses):				
Sale of Capital Assets	--	--	4,005	4,005
Total Other Financing Sources (Uses)	--	--	4,005	4,005
Net Change in Fund Balances	(278,672)	(278,672)	29,221	307,893
Fund Balances - Beginning	184,949	184,949	184,949	--
Fund Balances - Ending	$ (93,723)	$ (93,723)	$ 214,170	$ 307,893

FREESTONE COUNTY, TEXAS

EXHIBIT B-5

ROAD AND BRIDGE FUND - PCT 4
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue:				
Property Taxes	$ 640,819	$ 640,819	$ 627,061	$ (13,758)
Intergovernmental	44,959	44,959	--	(44,959)
Charges for Services	157,000	157,000	164,472	7,472
Interest and Royalty Income	1,800	1,800	4,038	2,238
Other	--	--	12,444	12,444
Total Revenues	844,578	844,578	808,015	(36,563)
Expenditures:				
Public Transportation	1,288,191	1,288,191	657,450	630,741
Total Expenditures	1,288,191	1,288,191	657,450	630,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	(443,613)	(443,613)	150,565	594,178
Other Financing Sources (Uses):				
Sale of Capital Assets	--	--	48,100	48,100
Total Other Financing Sources (Uses)	--	--	48,100	48,100
Net Change in Fund Balances	(443,613)	(443,613)	198,665	642,278
Fund Balances - Beginning	420,563	420,563	420,563	--
Fund Balances - Ending	$ (23,050)	$ (23,050)	$ 619,228	$ 642,278

FREESTONE COUNTY, TEXAS

EXHIBIT B-6

AMERICAN RESCUE PLAN
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue:				
Intergovernmental	$ --	$ --	$ 1,051,558	$ 1,051,558
Interest and Royalty Income	--	--	164,028	164,028
Total Revenues	--	--	1,215,586	1,215,586
Expenditures:				
General Administration	393,975	334,085	18,400	315,685
Public Safety	313,932	364,827	--	364,827
Public Transportation	2,232,679	2,232,679	756,873	1,475,806
Intergovernmental Expenditures	497,293	506,288	276,285	230,003
Total Expenditures	3,437,879	3,437,879	1,051,558	2,386,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,437,879)	(3,437,879)	164,028	3,601,907
Net Change in Fund Balances	(3,437,879)	(3,437,879)	164,028	3,601,907
Fund Balances - Beginning	152,181	152,181	152,181	--
Fund Balances - Ending	$ (3,285,698)	$ (3,285,698)	$ 316,209	$ 3,601,907

FREESTONE COUNTY, TEXAS

EXHIBIT B-7

SB 22 LAW ENFORCEMENT GRANT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue:				
Intergovernmental	$ 525,000	$ 525,000	$ 513,595	$ (11,405)
Interest and Royalty Income	--	--	1,680	1,680
Total Revenues	525,000	525,000	515,275	(9,725)
Expenditures:				
Public Safety	375,000	375,000	350,000	25,000
Judicial	250,000	250,000	163,595	86,405
Total Expenditures	625,000	625,000	513,595	111,405
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(100,000)	1,680	101,680
Other Financing Sources (Uses):				
Transfers In	175,000	175,000	--	(175,000)
Transfers Out	(75,000)	(75,000)	--	75,000
Total Other Financing Sources (Uses)	100,000	100,000	--	(100,000)
Net Change in Fund Balances	--	--	1,680	1,680
Fund Balances - Beginning	--	--	--	--
Fund Balances - Ending	$ --	$ --	$ 1,680	$ 1,680

FREESTONE COUNTY, TEXAS

SCHEDULE OF CHANGES IN THE COUNTY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Measurement Year			
	2023	2022	2021	2020
Total pension liability:				
Service cost	$ 698,691	$ 655,619	$ 655,644	$ 581,610
Interest	2,659,983	2,579,363	2,526,731	2,512,102
Changes of benefit terms	--	--	--	--
Differences between expected and actual experience	(464,726)	155,341	(240,461)	1,644,493
Changes of assumptions	--	--	(79,125)	(553,813)
Benefit payments, including refunds of employee contributions	(2,495,031)	(2,254,563)	(2,088,968)	(1,962,207)
Net change in total pension liability	398,917	1,135,760	773,821	2,222,185
Total pension liability - beginning	35,525,762	34,390,002	33,616,181	31,393,996
Total pension liability - ending (a)	$ 35,924,679	$ 35,525,762	$ 34,390,002	$ 33,616,181
Plan fiduciary net position:				
Contributions - employer	$ 888,394	$ 892,448	$ 893,555	$ 898,853
Contributions - employee	378,308	356,368	334,486	344,761
Net investment income	3,543,104	(1,994,149)	6,470,066	2,870,006
Benefit payments, including refunds of employee contributions	(2,495,031)	(2,254,563)	(2,088,968)	(1,962,207)
Administrative expense	(18,066)	(18,956)	(19,195)	(21,883)
Other	(48,516)	(111,950)	(16,155)	(18,509)
Net change in plan fiduciary net position	2,248,193	(3,130,802)	5,573,789	2,111,021
Plan fiduciary net position - beginning	32,349,631	35,480,433	29,906,644	27,795,623
Plan fiduciary net position - ending (b)	$ 34,597,824	$ 32,349,631	$ 35,480,433	$ 29,906,644
County's net pension liability - ending (a) - (b)	$ 1,326,855	$ 3,176,131	$ (1,090,431)	$ 3,709,537
Plan fiduciary net position as a percentage of the total pension liability	96.31%	91.06%	103.17%	88.97%
Covered-employee payroll	$ 5,404,396	$ 5,090,978	$ 4,778,376	$ 4,925,153
County's net pension liability as a percentage of covered-employee payroll	24.55%	62.39%	-22.82%	75.32%

Measurement Year					
2019	2018	2017	2016	2015	2014
$ 583,156	$ 569,220	$ 555,270	$ 630,023	$ 603,276	$ 638,281
2,421,091	2,330,562	2,232,536	2,139,569	2,061,482	1,966,556
--	--	--	--	(51,074)	--
--	--	194,621	--	303,503	--
42,568	97,856	76,147	(147,543)	(262,956)	(133,457)
(1,882,701)	(1,904,723)	(1,821,545)	(1,623,708)	(1,537,087)	(1,280,027)
1,164,114	1,092,915	1,237,029	998,341	1,117,144	1,191,353
30,229,882	29,136,967	27,899,938	26,901,597	25,784,453	24,593,100
$ 31,393,996	$ 30,229,882	$ 29,136,967	$ 27,899,938	$ 26,901,597	$ 25,784,453
$ 777,848	$ 785,002	$ 692,760	$ 702,216	$ 661,664	$ 667,448
313,469	311,332	302,516	304,369	300,947	302,251
4,039,316	(492,172)	3,400,554	1,652,724	(32,069)	1,527,575
(1,882,701)	(1,904,723)	(1,821,545)	(1,623,708)	(1,537,087)	(1,280,027)
(21,181)	(19,752)	(17,247)	(17,995)	(16,389)	(17,409)
(23,223)	(21,479)	(11,236)	(46,290)	(165,481)	(17,661)
3,203,528	(1,341,792)	2,545,802	971,316	(788,415)	1,182,177
24,592,095	25,933,887	23,388,085	22,416,769	23,205,184	22,023,007
$ 27,795,623	$ 24,592,095	$ 25,933,887	$ 23,388,085	$ 22,416,769	$ 23,205,184
$ 3,598,373	$ 5,637,787	$ 3,203,080	$ 4,511,853	$ 4,484,828	$ 2,579,269
88.54%	81.35%	89.01%	83.83%	83.33%	90.00%
$ 4,478,130	$ 4,447,607	$ 4,321,660	$ 4,348,122	$ 4,282,014	$ 4,282,014
80.35%	126.76%	74.12%	103.77%	104.74%	60.23%

FREESTONE COUNTY, TEXAS

SCHEDULE OF COUNTY'S CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Fiscal Year			
	2024	2023	2022	2021
Actuarially determined contribution	$ 984,895	$ 885,399	$ 889,191	$ 888,979
Contributions in relation to the actuarially determined contribution	(984,895)	(886,388)	(889,191)	(888,979)
Contribution deficiency (excess)	$ --	$ (989)	$ --	$ --
Covered-employee payroll	$ 6,003,567	$ 5,294,879	$ 4,983,479	$ 4,786,140
Contributions as a percentage of covered-employee payroll	16.41%	16.72%	17.84%	18.57%

	Fiscal Year					
	2020	2019	2018	2017	2016	2015
$	850,226	$ 774,819	$ 765,767	$ 687,490	$ 659,002	$ 667,448
	(850,226)	(774,819)	(765,767)	(687,490)	(661,664)	(667,448)
$	--	$ --	$ --	$ --	$ (2,662)	$ --
$	4,713,082	$ 4,443,054	$ 4,438,053	$ 4,280,967	$ 4,282,014	$ 4,317,878
	18.04%	17.44%	17.25%	16.06%	15.39%	15.46%

FREESTONE COUNTY, TEXAS

SCHEDULE OF CHANGES IN THE COUNTY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Measurement Year			
	2023	2022	2021	2020
Total OPEB liability:				
Service cost	$ 14,624	$ 20,472	$ 18,572	$ 15,919
Interest	16,293	11,744	11,260	13,135
Changes of benefit terms	--	--	--	--
Differences between expected and actual experience	2,354	(13,343)	11,275	(16,957)
Changes of assumptions or other inputs	32,206	(130,776)	10,986	51,799
Benefit payments	(14,051)	(14,764)	(15,291)	(14,283)
Net change in total OPEB liability	51,426	(126,667)	36,802	49,613
Total OPEB liability - beginning	430,320	556,987	520,185	470,572
Total OPEB liability - ending	$ 481,746	$ 430,320	$ 556,987	$ 520,185
Covered-employee payroll	$ 5,404,396	$ 5,090,978	$ 4,778,376	$ 4,925,153
Total OPEB liability as a percentage of covered-employee payroll	8.91%	8.45%	11.66%	10.56%

* This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	Measurement Year		
	2019	2018	2017
$	10,645	$ 11,686	$ 9,841
	15,490	13,789	14,468
	--	--	--
	(4,580)	5,257	(11,269)
	88,635	(39,332)	15,489
	(13,434)	(13,343)	(11,236)
	96,756	(21,943)	17,293
	373,816	395,759	378,466
$	470,572	$ 373,816	$ 395,759
$	4,478,130	$ 4,447,607	$ 4,321,660
	10.51%	8.40%	9.16%

FREESTONE COUNTY, TEXAS

SCHEDULE OF CHANGES IN THE COUNTY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
LAST TEN FISCAL YEARS *

	Measurement Year			
	2024	2023	2022	2021
Total OPEB liability:				
Service cost	$ 138,545	$ 138,545	$ 247,782	$ 247,782
Interest	102,174	93,556	79,978	73,804
Changes of benefit terms	--	--	--	--
Differences between expected and actual experience	(68,024)	--	(818,645)	--
Changes of assumptions or other inputs	235,078	--	(943,195)	--
Benefit payments	(52,716)	(50,112)	(49,735)	(44,613)
Net change in total OPEB liability	355,057	181,989	(1,483,815)	276,973
Total OPEB liability - beginning	2,029,833	1,847,844	3,331,659	3,054,686
Total OPEB liability - ending	$ 2,384,890	$ 2,029,833	$ 1,847,844	$ 3,331,659
Covered-employee payroll	$ 4,398,891	$ 3,704,111	$ 3,704,111	$ 3,383,066
Total OPEB liability as a percentage of covered-employee payroll	54.22%	54.80%	49.89%	98.48%

* This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

Measurement Year		
2020	2019	2018
$ 154,979	$ 154,979	$ 148,932
115,549	100,296	97,711
--	--	--
(88,252)	--	--
198,685	--	--
(34,659)	(34,487)	(33,581)
346,302	220,788	213,062
2,708,384	2,487,596	2,274,534
$ 3,054,686	$ 2,708,384	$ 2,487,596
$ 3,383,066	$ 2,865,188	$ 2,865,188
90.29%	94.53%	86.82%

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A. Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

a. Prior to the beginning of the fiscal year, the County prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the Commissioners is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given.

c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Commissioners' Court.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. During the year, the budget was amended. All budget appropriations lapse at year end.

B. Pension

Valuation Date:

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

Methods and assumptions used to determine contributions are reported:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	9.4 years (based on contribution rate calculated in December 31, 2023 valuation)
Asset Valuation Method	5-year smoothed market
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
Inflation	2.50%
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 Plan Provisions Reflected in the Schedule of Employer Contributions 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.

C. Postemployment Benefits Other than Pension (OPEB)

1. Texas County and District Retirement System

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

Methods and assumptions used to determine contributions are reported:

Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Investment Rate of Return	3.26%
Mortality	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes of Benefit Terms	There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.
Changes of Assumptions	The discount rate used changed from 3.72% to 3.26% based on the 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2023. New mortality assumptions were reflected.

2. Retiree Health Plan

Valuation Date:
The total OPEB liability was determined based on a valuation date of September 30, 2024 and a measurement date of September 30, 2024.

Methods and assumptions used to determine contributions are reported:

Actuarial Cost Method	Entry Age Normal - Level Percentage of Projected Salary
Inflation	2.50% per year
Salary scale	3.50%
Mortality table	RPH-2014 Total Table with Projection MP-2021
Discount rate	4.06% (1.56% real rate of return plus 2.50% inflation)
Disability	None assumed
Health care cost trend	Level 4.50%
Changes of Benefit Terms	There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.
Changes of Assumptions	The discount rate used remained 4.06% based on the S&P Municipal Bond 20 Year High Grade Rate Index.

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Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

FREESTONE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2024

	Chapter 19 Voter Fund	County Attorney Fund	County Attorney Crime Victims	District Attorney Special Revenue
ASSETS AND OTHER DEBITS				
Assets:				
Cash and Cash Equivalents	$ 500	$ 164,560	$ 3,469	$ 4,215
Total Assets	$ 500	$ 164,560	$ 3,469	$ 4,215
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ --	$ 22,133	$ --	$ 468
Accrued Liabilities	--	907	--	4,079
Due to Other Funds	500	--	--	--
Due to Others	--	106,832	--	--
Total Liabilities	500	129,872	--	4,547
Deferred Inflows of Resources:				
Fund Balances:				
Restricted				
Special Revenue	--	34,688	3,469	(332)
Total Fund Balance	--	34,688	3,469	(332)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 500	$ 164,560	$ 3,469	$ 4,215

Sheriff Special Revenue	Special Budget Fund	Unclaimed Money Fund	Records Archive Fund	Courthouse Security Fund
$ 75,972	$ 25,382	$ 1,229	$ 152,463	$ 20,204
$ 75,972	$ 25,382	$ 1,229	$ 152,463	$ 20,204
$ 833	$ --	$ --	$ 86	$ 897
14,589	--	--	--	2,290
--	--	--	--	--
--	--	--	--	--
15,422	--	--	86	3,187
60,550	25,382	1,229	152,377	17,017
60,550	25,382	1,229	152,377	17,017
$ 75,972	$ 25,382	$ 1,229	$ 152,463	$ 20,204

FREESTONE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2024

	Records Management Fund	JP Technology Fund	Justice Court Building Security	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS AND OTHER DEBITS				
Assets:				
Cash and Cash Equivalents	$ 28,202	$ 20,771	$ 16,022	$ 512,989
Total Assets	$ 28,202	$ 20,771	$ 16,022	$ 512,989
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ --	$ --	$ --	$ 24,417
Accrued Liabilities	--	--	--	21,865
Due to Other Funds	--	--	--	500
Due to Others	--	--	--	106,832
Total Liabilities	--	--	--	153,614
Deferred Inflows of Resources:				
Fund Balances:				
Restricted				
Special Revenue	28,202	20,771	16,022	359,375
Total Fund Balance	28,202	20,771	16,022	359,375
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 28,202	$ 20,771	$ 16,022	$ 512,989

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FREESTONE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	County Attorney Fund	County Attorney Crime Victims	District Attorney Special Revenue	Sheriff Special Revenue
Revenue:				
Intergovernmental	$ --	$ --	$ 30,726	$ --
Charges for Services	16,110	--	--	--
Interest and Royalty Income	928	--	--	455
Other	2,850	--	--	18,273
Total Revenues	19,888	--	30,726	18,728
Expenditures:				
General Administration	--	--	--	--
Public Safety	--	--	--	21,048
Judicial	13,451	--	39,773	--
Health and Welfare	--	--	--	--
Public Transportation	--	--	--	--
Total Expenditures	13,451	--	39,773	21,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,437	--	(9,047)	(2,320)
Other Financing Sources (Uses):				
Transfers In	--	--	4,700	--
Total Other Financing Sources (Uses)	--	--	4,700	--
Net Change in Fund Balances	6,437	--	(4,347)	(2,320)
Fund Balances - Beginning	28,251	3,469	4,015	62,870
Fund Balances - Ending	$ 34,688	$ 3,469	$ (332)	$ 60,550

Special Budget Fund	Unclaimed Money Fund	Records Archive Fund	Courthouse Security Fund	Records Management Fund
$ 3,329	$ --	$ --	$ --	$ --
--	--	143,858	19,182	8,012
--	--	924	--	--
70,222	77	--	--	--
73,551	77	144,782	19,182	8,012
20,944	--	71,606	67,594	2,200
11,490	--	--	--	--
--	--	16,680	--	2,200
9,756	--	--	--	--
15,000	--	--	--	--
57,190	--	88,286	67,594	4,400
16,361	77	56,496	(48,412)	3,612
--	--	--	35,000	--
--	--	--	35,000	--
16,361	77	56,496	(13,412)	3,612
9,021	1,152	95,881	30,429	24,590
$ 25,382	$ 1,229	$ 152,377	$ 17,017	$ 28,202

FREESTONE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	JP Technology Fund	Justice Court Building Security	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenue:			
Intergovernmental	$ --	$ --	$ 34,055
Charges for Services	8,281	247	195,690
Interest and Royalty Income	--	--	2,307
Other	--	--	91,422
Total Revenues	8,281	247	323,474
Expenditures:			
General Administration	--	--	162,344
Public Safety	--	--	32,538
Judicial	2,710	--	74,814
Health and Welfare	--	--	9,756
Public Transportation	--	--	15,000
Total Expenditures	2,710	--	294,452
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,571	247	29,022
Other Financing Sources (Uses):			
Transfers In	--	--	39,700
Total Other Financing Sources (Uses)	--	--	39,700
Net Change in Fund Balances	5,571	247	68,722
Fund Balances - Beginning	15,200	15,775	290,653
Fund Balances - Ending	$ 20,771	$ 16,022	$ 359,375

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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DAVIS, HEINEMANN & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
1300 11TH STREET, SUITE 500
P.O. BOX 6308
HUNTSVILLE, TEXAS 77342
PHONE (936) 291-3020
FAX (936) 291-9607

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*

Commissioners' Court
Freestone County, Texas
118 East Commerce
Fairfield, Texas 75840

Members of the Commissioners' Court:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Freestone County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Freestone County, Texas' basic financial statements, and have issued our report thereon dated June 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Freestone County, Texas' internal control over financial reporting (internal control) as a basis for designing 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 Freestone County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Freestone County, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Freestone County, Texas' 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Freestone County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Freestone County, Texas' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Freestone County, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Davis, Heinemann + Co.

Davis, Heinemann & Company, P.C.

Huntsville, Texas
June 25, 2025

DAVIS, HEINEMANN & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
1300 11TH STREET, SUITE 500
P.O. BOX 6308
HUNTSVILLE, TEXAS 77342
PHONE (936) 291-3020
FAX (936) 291-9607

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

Commissioners' Court
Freestone County, Texas
118 East Commerce
Fairfield, Texas 75840

Members of the Commissioners' Court:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Progam

We have audited Freestone County, Texas' 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 Freestone County, Texas' major federal program for the year ended September 30, 2024. Freestone County, Texas' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Freestone County, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Progam

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing* Standards); 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 Freestone County, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Freestone County, Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Freestone County, Texas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 Freestone County, Texas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Freestone County, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Freestone County, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Freestone County, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Respectfully submitted,

Davis, Heinemann & Co.

Davis, Heinemann & Company, P.C.

Huntsville, Texas
June 25, 2025

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FREESTONE COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weaknesses identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

2. Federal Awards

Internal control over major programs:		
One or more material weaknesses identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?	____ Yes	X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Fund - ARPA

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	____ Yes	X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

FREESTONE COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
None reported.		

FREESTONE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT D-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Federal Expenditures
AGING CLUSTER:			
U. S. Department of Health and Human Services			
Passed Through Heart of Texas Council of Governments:			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	$ 111,066
Total U. S. Department of Health and Human Services			111,066
Total Aging Cluster			111,066
OTHER PROGRAMS:			
U. S. Department of the Treasury			
Direct Program:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	1,051,558
Total U. S. Department of the Treasury			1,051,558
U. S. Department of Justice			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	N/A	9,351
Bulletproof Vest Partnership Grant Program	16.607	N/A	3,161
Total Direct Programs			12,512
Total U. S. Department of Justice			12,512
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,175,136

The accompanying notes are an integral part of this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Freestone County, Texas. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Freestone County, Texas has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.