

**KENT COUNTY, TEXAS  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2024**

## **INTRODUCTORY SECTION**

**KENT COUNTY, TEXAS  
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SEPTEMBER 30, 2024**

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**KENT COUNTY, TEXAS  
OFFICIAL ROSTER  
SEPTEMBER 30, 2024**

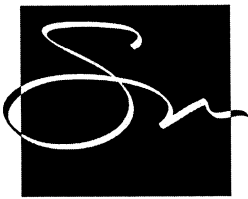
**COUNTY COMMISSIONERS**

<b>Name</b>	<b>Title</b>
Grady Layne Coulter	County Judge
Roy Chisum	Commissioner Precinct 1
Charles Ray Hall	Commissioner Precinct 2
Daryl Ham	Commissioner Precinct 3
Robert Graham	Commissioner Precinct 4

**COUNTY OFFICIALS**

<b>Name</b>	<b>Title</b>
David Parker	Justice of the Peace
Richard Craig Harrison	Clerk
William Scogin	Sheriff/Tax Assessor-Collector
Christy Long	Treasurer

## **FINANCIAL SECTION**



**SCOTT NORTHAM, CPA, PC**  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Kent County, Texas (County) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Kent County, Texas as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Kent 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 these 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 Kent 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Kent County, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kent County, Texas' ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios, the schedule of employer pension contributions, and the schedule of changes in total OPEB liability and related ratios 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.

Management has elected to omit the Management's Discussion and Analysis for the year ended September 30, 2024, which is required to be presented to supplement the basic financial statements by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting. Our opinions on the basic financial statements are not affected by this omitted information.

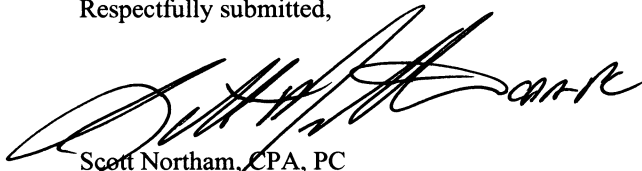


***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kent County, Texas' basic financial statements. The combining schedules of nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott Northam", is written over the typed name.

Scott Northam, CPA, PC  
Ruidoso, New Mexico  
July 23, 2025

**KENT COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>			
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	\$ 6,477,066	\$ 41,215	\$ 6,518,281
Property Taxes Receivable, Net	68,239	-	68,239
Accounts Receivable, Net	-	427,420	427,420
Prepays	49,310	-	49,310
<b>Total Current Assets</b>	<b>6,594,615</b>	<b>468,635</b>	<b>7,063,250</b>
<b>NONCURRENT ASSETS</b>			
Inventory	-	61,264	61,264
Net Pension Asset	583,021	-	583,021
Capital Assets, Net	3,122,504	192,350	3,314,854
<b>Total Noncurrent Assets</b>	<b>3,705,525</b>	<b>253,614</b>	<b>3,959,139</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	48,266	-	48,266
OPEB Deferred Outflows	56,007	-	56,007
Post-Measurement Date Employer Contributions	354,968	-	354,968
<b>Total Deferred Outflows of Resources</b>	<b>459,241</b>	<b>-</b>	<b>459,241</b>
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 10,759,381</b>	<b>\$ 722,249</b>	<b>\$ 11,481,630</b>

The accompanying notes are an integral part of these financial statements.

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 42,109	\$ 69,669	\$ 111,778
Due to State	5,449	-	5,449
Accrued Payroll	-	115,265	115,265
Accrued Vacation	31,280	-	31,280
<b>Total Current Liabilities</b>	<b>78,838</b>	<b>184,934</b>	<b>263,772</b>
<b>NONCURRENT LIABILITIES</b>			
Due Within One Year - Capital Leases	4,521	-	4,521
Due in More Than One Year - Capital Leases	20,204	-	20,204
Net Pension Liability	-	-	-
Total OPEB Liability	313,918	-	313,918
<b>Total Noncurrent Liabilities</b>	<b>338,643</b>	<b>-</b>	<b>338,643</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
OPEB Deferred Inflows	77,500	-	77,500
Pension Deferred Inflows	164,497	-	164,497
<b>Total Deferred Inflows of Resources</b>	<b>241,997</b>	<b>-</b>	<b>241,997</b>
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>659,478</b>	<b>184,934</b>	<b>844,412</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,097,779	192,350	3,290,129
Restricted for:			
Road & Bridge	183	-	183
Records Preservation	40,182	-	40,182
Courthouse Security	24,158	-	24,158
Library	1,595	-	1,595
Net Pension Asset	583,021	-	583,021
Unrestricted	6,352,986	344,965	6,697,951
<b>Total Net Position</b>	<b>10,099,903</b>	<b>537,315</b>	<b>10,637,218</b>
<b>Total Liabilities, Deferred Inflows &amp; Net Position</b>	<b>\$ 10,759,381</b>	<b>\$ 722,249</b>	<b>\$ 11,481,630</b>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2024**

		Program Revenues		
Expenses		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Primary Government				
Governmental Activities:				
General Administration	\$ 1,576,580	\$ 63,049	\$ 149,322	\$ -
Public Safety	767,056	98,362	51,865	200,325
Road & Bridge	739,169	95,816	25,939	-
Public Facilities	143,262	3,550	99,733	-
Health, Sanitation, & Welfare	575,316	16,758	47,554	-
Conservation	98,596	-	-	-
Culture & Recreation	113,543	-	100	-
Debt Service Interest	835	-	-	-
Depreciation	324,791	-	-	-
Total Governmental Activities	4,339,148	277,535	374,513	200,325
Business-Type Activities:				
Kent County Nursing Home	4,316,081	2,643,745	470,357	-
Total Business-Type Activities	4,316,081	2,643,745	470,357	-
Total - Primary Government	\$ 8,655,229	\$ 2,921,280	\$ 844,870	\$ 200,325

**General Revenues**

Taxes:

Property

Insurance Recoveries

Miscellaneous

Transfers

Interest

**Total General Revenues**

Change in Net Position

**Net Position Beginning of Year**

**Net Position End of Year**

The accompanying notes are an integral part of these financial statements.

<b>Net (Expense) Revenue &amp; Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,364,209)	\$ -	\$ (1,364,209)
(416,504)	-	(416,504)
(617,414)	-	(617,414)
(39,979)	-	(39,979)
(511,004)	-	(511,004)
(98,596)	-	(98,596)
(113,443)	-	(113,443)
(835)	-	-
(324,791)	-	(324,791)
(3,486,775)	-	(3,485,940)
-	(1,201,979)	(1,201,979)
-	(1,201,979)	(1,201,979)
(3,486,775)	(1,201,979)	(4,687,919)
4,798,440	-	4,798,440
564,639	-	564,639
745,181	-	745,181
(1,485,892)	1,485,892	-
232,150	-	232,150
4,854,518	1,485,892	6,340,410
1,367,743	283,913	1,652,491
8,732,160	253,402	8,985,562
<u>\$ 10,099,903</u>	<u>\$ 537,315</u>	<u>\$ 10,638,053</u>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024**

	General Fund	Lateral Road Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 6,406,614	\$ 4,417	\$ 66,035	\$ 6,477,066
Taxes Receivable, Net	55,923	12,316	-	68,239
Grants Receivable	-	-	-	-
Prepays	49,310	-	-	49,310
<b>TOTAL ASSETS</b>	<b>\$ 6,511,847</b>	<b>\$ 16,733</b>	<b>\$ 66,035</b>	<b>\$ 6,594,615</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 36,035	\$ 6,074	\$ -	\$ 42,109
Due to State	5,449	-	-	5,449
<b>Total Liabilities</b>	<b>41,484</b>	<b>6,074</b>	<b>-</b>	<b>47,558</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Taxes	47,796	10,577	-	58,373
<b>Total Deferred Inflows of Resources</b>	<b>47,796</b>	<b>10,577</b>	<b>-</b>	<b>58,373</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepays	49,310	-	-	49,310
Restricted for:				
Road & Bridge	-	82	101	183
Records Preservation	-	-	40,182	40,182
Courthouse Security	-	-	24,158	24,158
Library	-	-	1,595	1,595
Assigned for:				
Indigent Healthcare	176,214	-	-	176,214
EMS Operations	1,501	-	-	1,501
Unassigned	6,195,542	-	-	6,195,542
<b>Total Fund Balances</b>	<b>6,422,567</b>	<b>82</b>	<b>66,035</b>	<b>6,488,684</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<b>\$ 6,511,847</b>	<b>\$ 16,733</b>	<b>\$ 66,035</b>	<b>\$ 6,594,615</b>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEETS TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

**Total Fund Balance - Governmental Funds** **\$ 6,488,684**

Amounts reported for governmental activities in the statement of net position  
are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds 3,122,504

Payables for long-term capital leases which are not due in the current  
period are not reported in the funds. (24,725)

Certain assets are not collectible in the current period and therefore are  
not reported in the governmental funds. Those receivables include:

Property Taxes Receivable 58,373

Certain liabilities, deferred outflows, and deferred inflows are not due  
and payable/receivable in the current period and therefore are not  
reported in the governmental funds. These include:

Post-Measurement Date Employer Contributions	354,968	
Deferred Pension Outflows	48,266	
Deferred OPEB Outflows	56,007	
Deferred Pension Inflows	(164,497)	
Deferred OPEB Inflows	(77,500)	
Net Pension Asset/(Liability)	583,021	
Total OPEB Liability	(313,918)	
Accrued Vacation	(31,280)	
	455,067	

**Net Position of Governmental Activities** **\$ 10,099,903**

**KENT COUNTY, TEXAS**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**& CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Lateral Road Fund	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Charges for Service	\$ 103,653	\$ 49,955	\$ -	\$ 153,608
Property Taxes	3,969,098	829,727	-	4,798,825
Fines, Fees, & Forfeits	59,207	-	-	59,207
Intergovernmental	542,365	25,939	-	568,304
Licenses & Permits	-	45,516	-	45,516
Interest Income	232,150	-	-	232,150
Rents & Royalties	19,204	-	-	19,204
Insurance Recoveries	564,639	-	-	564,639
Other Income	201,654	-	-	201,654
<b>Total Revenues</b>	<u>5,691,970</u>	<u>951,137</u>	<u>-</u>	<u>6,643,107</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Administration	1,309,485	245,204	-	1,554,689
Public Safety	767,056	-	-	767,056
Road & Bridge	-	739,169	-	739,169
Public Facilities	112,011	31,251	-	143,262
Health, Sanitation, & Welfare	575,316	-	-	575,316
Conservation	98,596	-	-	98,596
Culture & Recreation	113,543	-	-	113,543
<b>Debt Service</b>				
Principal	1,086	-	-	1,086
Interest	835	-	-	835
<b>Capital Outlay</b>	<u>292,413</u>	<u>76,403</u>	<u>-</u>	<u>368,816</u>
<b>Total Expenditures before Transfers</b>	<u>3,270,341</u>	<u>1,092,027</u>	<u>-</u>	<u>4,362,368</u>
<b>Excess (Deficiency) of Revenues over Expenditures Before Transfers</b>	<u>2,421,629</u>	<u>(140,890)</u>	<u>-</u>	<u>2,280,739</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds	25,811	-	-	25,811
Transfers In	-	125,981	-	125,981
Transfers Out	<u>(1,611,873)</u>	<u>-</u>	<u>-</u>	<u>(1,611,873)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,586,062)</u>	<u>125,981</u>	<u>-</u>	<u>(1,460,081)</u>
<b>Net Change in Fund Balance after Transfers</b>	835,567	(14,909)	-	820,658
<b>Fund Balance, Beginning of Year</b>	<u>5,587,000</u>	<u>14,991</u>	<u>66,035</u>	<u>5,668,026</u>
<b>Fund Balance, End of Year</b>	<u><u>6,422,567</u></u>	<u><u>82</u></u>	<u><u>66,035</u></u>	<u><u>6,488,684</u></u>

The accompanying notes are an integral part of these financial statements.



**KENT COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENTS OF REVENUES, EXPENDITURES, & CHANGES**  
**IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2024**

<b>Net Changes in Fund Balance - Governmental Funds</b>	<b>\$ 820,658</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays over \$5,000 as expenditures in the governmental fund financial statements, but the cost of those assets is reported as capital assets in the Statement of Net Position.	368,816
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Depreciation Expense allocated the cost of capital assets over their useful lives in the Statement of Activities, but the cost of the capital assets has already been expended in prior periods in the governmental funds.	(324,791)
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Proceeds from capital leases are treated as other financing sources in the governmental fund financial statements, but they are reported as long-term debt in the statement of Net Position.	(25,811)
--	----------

Repayment of capital lease principal is an expenditure in the funds but is a reduction of long-term debt in the Statement of Net Position.	1,086
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The change in Deferred Property Taxes from the prior year to the current year is considered a change to Property Tax Revenues in the Statement of Activities.	(384)
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Payments/receipts of and changes in long-term liabilities and deferred outflows and inflows related to pensions and other post-employment benefits are reported as expenditures in the governmental funds but as changes in liabilities and deferred outflows and inflows related to pensions and other post-employment benefits in the Statement of Activities. Those changes include:

Net Change in Pension Liability and Deferred Outflows/Inflows	550,060	
Net Change in OPEB Liability and Deferred Outflows/Inflows	(16,385)	
Change in Accrued Vacation	(5,506)	
		528,169

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,367,743</b>
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**KENT COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN**  
**FUND BALANCE - BUDGET & ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2024**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Service	\$ 62,500	\$ 62,500	\$ 103,653	\$ 41,153
Property Taxes	4,002,012	4,002,012	3,969,098	(32,914)
Fines, Fees, & Forfeits	43,000	43,000	59,207	16,207
Intergovernmental	295,644	295,644	542,365	246,721
Interest Income	40,000	40,000	232,150	192,150
Rents & Royalties	20,517	20,517	19,204	(1,313)
Insurance Recoveries	-	561,434	564,639	3,205
Other Income	47,500	47,500	201,654	154,154
<b>Total Revenues</b>	<b>4,511,173</b>	<b>5,072,607</b>	<b>5,691,970</b>	<b>619,363</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Administration	1,278,104	1,287,704	1,309,485	(21,781)
Public Safety	832,388	832,388	767,056	65,332
Public Facilities	59,900	59,900	112,011	(52,111)
Health, Sanitation, & Welfare	592,395	613,768	575,316	38,452
Conservation	100,709	100,709	98,596	2,113
Culture & Recreation	98,273	115,553	113,543	2,010
<b>Debt Service</b>				
Principal	1,100	1,100	1,086	14
Interest	900	900	835	65
<b>Capital Outlay</b>	<b>252,872</b>	<b>252,872</b>	<b>292,413</b>	<b>(39,541)</b>
<b>Total Expenditures before Transfers</b>	<b>3,216,641</b>	<b>3,264,894</b>	<b>3,270,341</b>	<b>(5,447)</b>
<b>OTHER FINANCING SOURCES</b>				
Capital Lease Proceeds	-	-	25,811	25,811
Transfers Out	(1,294,532)	(2,180,425)	(1,611,873)	568,552
<b>Total Other Financing Uses (Sources)</b>	<b>(1,294,532)</b>	<b>(2,180,425)</b>	<b>(1,586,062)</b>	<b>594,363</b>
<b>Net Change in Fund Balance after Transfers</b>	<b>-</b>	<b>(372,712)</b>	<b>835,567</b>	<b>1,208,279</b>
<b>Fund Balance, Beginning of Year</b>	<b>5,587,000</b>	<b>5,587,000</b>	<b>5,587,000</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 5,587,000</b>	<b>\$ 5,214,288</b>	<b>\$ 6,422,567</b>	<b>\$ 1,208,279</b>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN**  
**FUND BALANCE - BUDGET & ACTUAL (NON-GAAP BASIS)**  
**LATERAL ROAD FUND**  
**YEAR ENDED SEPTEMBER 30, 2024**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Service	\$ 30,000	\$ 30,000	\$ 49,955	\$ 19,955
Property Taxes	842,045	842,045	829,727	(12,318)
Intergovernmental	64,500	64,500	25,939	(38,561)
Licenses & Permits	40,000	40,000	45,516	5,516
Interest Income	-	-	-	-
<b>Total Revenues</b>	<u>976,545</u>	<u>976,545</u>	<u>951,137</u>	<u>(25,408)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Administration	254,074	254,074	245,204	8,870
Road & Bridge	1,036,503	1,036,503	739,169	297,334
Public Facilities	20,500	20,500	31,251	(10,751)
<b>Capital Outlay</b>	<u>360,000</u>	<u>360,000</u>	<u>76,403</u>	<u>283,597</u>
<b>Total Expenditures before Transfers</b>	<u>1,671,077</u>	<u>1,671,077</u>	<u>1,092,027</u>	<u>579,050</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	694,532	694,532	125,981	(568,551)
<b>Total Other Financing Uses (Sources)</b>	<u>694,532</u>	<u>694,532</u>	<u>125,981</u>	<u>(568,551)</u>
<b>Net Change in Fund Balance after Transfers</b>	-	-	(14,909)	(14,909)
<b>Fund Balance, Beginning of Year</b>	<u>14,991</u>	<u>14,991</u>	<u>14,991</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 14,991</u></u>	<u><u>\$ 14,991</u></u>	<u><u>\$ 82</u></u>	<u><u>\$ (14,909)</u></u>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2024**

	<b>Kent County Nursing Home</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash & Cash Equivalents	\$ 41,215
Accounts Receivable, Net	<u>427,420</u>
<b>Total Current Assets</b>	<u>468,635</u>
<b>Noncurrent Assets</b>	
Inventory	61,264
Capital Assets, Net	<u>192,350</u>
<b>Total Noncurrent Assets</b>	<u>253,614</u>
<b>Total Assets</b>	<u><u>\$ 722,249</u></u>
<b>LIABILITIES &amp; NET POSITION</b>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 69,669
Accrued Payroll	<u>115,265</u>
<b>Total Liabilities</b>	<u>184,934</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	192,350
Unrestricted	<u>344,965</u>
<b>Total Fund Net Position</b>	<u>537,315</u>
<b>Total Liabilities &amp; Net Position</b>	<u><u>\$ 722,249</u></u>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

	<b>Kent County Nursing Home</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
ICF Net Patient Service Revenue	\$ 2,617,323
Cafeteria Meals and Other Income	<u>26,422</u>
<b>Total Operating Revenues</b>	<b>2,643,745</b>
<b>OPERATING EXPENSES</b>	
Nursing Services	2,338,557
Pharmacy	8,272
Housekeeping	276,579
Laundry & Linen	164,284
Dietary	471,514
Resident Activities	100,938
Facility Management	177,888
Administration & General	729,949
Depreciation	<u>48,100</u>
<b>Total Operating Expenses</b>	<b><u>4,316,081</u></b>
<b>Operating Loss</b>	<b>(1,672,336)</b>
<b>NONOPERATING REVENUES</b>	
Transfer from Kent County	1,485,892
Texas QIPP Waiver Program	<u>470,357</u>
<b>Total Nonoperating Revenue</b>	<b><u>1,956,249</u></b>
<b>Change in Net Position</b>	<b>283,913</b>
<b>Net Position, Beginning of Year</b>	<b><u>253,402</u></b>
<b>Net Position, End of Year</b>	<b><u><u>\$ 537,315</u></u></b>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2024**

	<b>Kent County Nursing Home</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from & on Behalf of Patients	\$ 2,292,131
Payments to Suppliers & Contractors	(1,554,638)
Payments & Benefits to & on Behalf of Employees	(2,749,711)
Other Receipts & Payments, Net	<u>26,421</u>
Net Cash Used by Operating Activities	<u>(1,985,797)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfer in from Kent County	1,485,892
Texas QIPP Waiver Transfers	<u>470,357</u>
Net Cash Provided by Non-capital Financing Activities	<u>1,956,249</u>
<b>NET CHANGE IN CASH</b>	(29,548)
<b>CASH AT BEGINNING OF YEAR</b>	<u>70,763</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 41,215</u></u>
<b>Reconciliation of Operating Loss to Net Cash</b>	
<b>Used by Operating Activities</b>	
Operating Loss	\$ (1,672,336)
Adjustments to Reconcile Operating Loss to Cash	
Used by Operating Activities:	
Depreciation	48,100
Changes In:	
Accounts Receivable	(325,192)
Prepays	2,808
Inventory	(37,825)
Accounts Payable	(2,253)
Accrued Salaries	<u>902</u>
Net Cash Used by Operating Activities	<u><u>\$ (1,985,796)</u></u>
<b>Reconciliation to the Balance Sheet</b>	
Unrestricted	\$ 41,215
Restricted	<u>-</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 41,215</u></u>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
PERMANENT SCHOOL FUND  
SEPTEMBER 30, 2024**

	<b>CUSTODIAL FUNDS</b>
	<b>Permanent School Fund</b>
<b>ASSETS</b>	
Cash & Cash Equivalents	<u>\$ 20,821,806</u>
<b>Total Assets</b>	<u><u>\$ 20,821,806</u></u>
 <b>NET POSITION</b>	
Restricted for Jayton-Girard Independent School District	<u>\$ 20,821,806</u>
<b>Total Net Position</b>	<u><u>\$ 20,821,806</u></u>

The accompanying notes are an integral part of these financial statements.

**KENT COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, & CHANGES IN FIDUCIARY NET POSITION**  
**PERMANENT SCHOOL FUND**  
**YEAR ENDED SEPTEMBER 30, 2024**

	<b>CUSTODIAL FUNDS</b>
	<b>Permanent School Fund</b>
<b>REVENUES</b>	
Interest Income	\$ 597,926
Rents & Royalties	10,707,829
Donations	5,000
<b>Total Revenues</b>	<b>11,310,755</b>
<b>EXPENSES</b>	
Donations to JGISD	5,529,136
JGISD Property Taxes	166,864
<b>Total Expenses</b>	<b>5,696,000</b>
<b>Change in Net Position</b>	<b>5,614,755</b>
<b>Net Position, Beginning of Year</b>	<b>15,207,051</b>
<b>Net Position, End of Year</b>	<b>\$ 20,821,806</b>



**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This following summary presentation of significant accounting policies of Kent County, Texas (County) is to assist in the understanding of the County's financial statements. The financial statements and notes are the representation of the County's management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units and the Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures, Financial Accounting Standards Board (FASB) pronouncements applicable to governmental agencies, all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

**Organization** – The authority of county governments and their specific functions and responsibilities are created by and are dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes (V.A.C.S.).

The County operates under a County Judge/Commissioners' Court type of government as provided by state statute. The County Judge and Commissioners, as well as several other County officials, are elected by the residents of the County.

The Commissioners' Court has governance responsibilities over all activities related to the County. The County receives funding from local, state, and Federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental entity. The County is empowered to levy a property tax on both the real and personal properties located within its boundaries. The Commissioners' Court has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*.

The County's major departments include general administration, county clerk, district clerk, county treasurer, tax assessor-collector, courthouse, county auditor, sheriff, jail, social services, county judge, district judge, county attorney, justice of the peace, jury, county agent, livestock and exhibition, park services, highway patrol constable, fire services, elections, other, libraries, airport, and road and bridge.

The County's financial statements include the accounts of all its operations. The financial reporting entity consists of the primary government, and any another organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. 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 are provided under GASB Statements Nos. 61, 39, and 14. The County has determined that it currently has no component units.

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

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's General Fund and other funds). The government-wide financial statement presentation focuses on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities, while the focus of the fund financial statements is on the major individual funds of the County. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Government-wide Financial Statements** - In the government-wide Statement of Net Position, the governmental activities and business-type activities are presented by column and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and deferred outflows of resources, as well as all long-term debt and deferred inflows of resources. The County's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position. The County generally utilizes restricted resources to finance qualifying activities first.

The government-wide Statement of Activities reports the gross and net costs of each of the County's functions and the general revenues (property taxes, investment income, etc.) that support them. The gross cost (expenses, including depreciation) is reduced by program revenues (charges for services, fees, etc.) and operating and capital grants and contributions, which must be directly related to a specific function. Operating and capital grants and contributions include operating-specific and discretionary grants as well as other intergovernmental revenues and contributions. The net costs are normally covered by general revenues, which are considered any revenues not classified as program revenues.

Eliminations have been made on both statements to minimize the double reporting of internal activities. The County does not allocate indirect costs.

**Fund Financial Statements** - The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The emphasis of fund financial statements is on major governmental funds, with each major fund displayed in a separate column on the governmental fund financial statements and on the proprietary fund financial statements. All remaining governmental and fiduciary funds are aggregated by their fund type and reported as non-major funds in their separate fund-type financials. Fund types used by the County include governmental, proprietary, and fiduciary funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. Management also has the option to report a fund as major even though it does not fit the criteria.

*Governmental Funds* - The focus of the governmental funds' measurement in the fund statements is upon determination of current financial position and changes in current financial position (sources, uses, and balances of financial resources), rather than upon net income. Currently the County maintains its General Fund and several special revenue funds.

The County uses special revenue funds to account for certain resources restricted to, or designated for, specific purposes by the County, state statute, other governments, or grantors; and that these amounts have to be reported in a separate fund. Some Federal and state financial assistance is accounted for in special revenue funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The County has five funds designated as special revenue funds, and one, the Lateral Road Fund, is reported as a major fund.

The County reports the following major governmental funds:

- The ***General Fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property taxes, Federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the County except for items included in other funds.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

- The ***Lateral Road Fund*** – The County, for operational purposes, is divided into four geographical precincts. Each of the four Commissioners that make up the Commissioners' Court is charged with the operation of one precinct under policies and procedures concurred on by the Commissioners acting as the governing body. This fund accounts for the resources, primarily property taxes, accumulated for the improvement and maintenance of the County's roads and payments made for the Commissioners' Court's administrative responsibilities.

*Proprietary Funds* - The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Enterprise funds deal with external consumers while internal service funds deal with other funds within the local government. The County has no internal service funds at this time. The County has only one enterprise fund, and it is considered a major fund.

The County reports the following major enterprise fund:

- ***Kent County Nursing Home Fund*** – This fund accounts for the operation and maintenance of the County's nursing home facility that provides long-term residential healthcare.

An enterprise fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, is to be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. They can also be used when the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses directly relate to the primary activity of the fund. Non-operating expenses are any expenses that do not qualify as operating expenses such as interest on long-term debt.

*Fiduciary Funds* - Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Formal budgetary accounting is not required for agency funds. The County maintained one private purpose trust fund during the current fiscal year. The private purpose trust fund is used to account and report for funds held in trust for the County's public schools. The fund's earnings are distributed annually to the schools. The endowed portion of the trust may only be distributed to the schools for permanent improvements or to retire bonded indebtedness.

**Measurement Focus and Basis of Accounting** - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange 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. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. If any amounts are received before all eligibility requirements have been met, these amounts are treated as deferred revenues by the recipient and considered deferred inflows of resources. All assets and all liabilities associated with the operation of these funds are included on the respective Statements of Net Position.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The governmental fund financial statements 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 and debt issuance costs are reported as expenditures in governmental funds. Proceeds from general long-term debt, net of any discount or premium, and acquisitions under capital leases are reported as other financing sources.

**Budgetary Information** - Budgets for all funds are prepared by management and are approved by the Commissioners' Court.

The County Treasurer is responsible for preparing the budget from requests submitted by department heads. The appropriated budget is prepared by line item within object class, program, department, and fund; revenues expected to be available are estimated to provide an approved budget. The comprehensive budget package is brought before the Commissioners' Court for approval by resolution.

These budgets are prepared on the non-GAAP cash basis, and secure appropriation of funds for only one year. Carryover funds from the previous fiscal year are re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended only with Commissioners' Court approval.

**Assets, Liabilities, Net Position or Fund Balance, Other Matters**

**Cash and Investments** - Cash includes amounts in demand deposits, money market accounts, and certificates of deposit. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The money market accounts and certificates of deposit are not subject to the fair value standards of GASB Statement No. 72, *Fair Market Value and Application*, because they are not measured at fair value but instead at amortized cost or net asset value per share. Interest income on investment transactions is included for financial statement purposes as investment income.

**Cash Flow Liquidity** - For purposes of the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**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 the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected within 60 days after the close of the fiscal year. The amount of taxes levied for the County on October 1, 2023, was \$4,661,898 split \$3,821,862 for maintenance and operations and \$840,036 for road and bridge services.

Allowances for uncollectible taxes receivable within the General Fund and the Lateral Road 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.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Allowance for Doubtful Accounts** - Management reviews the accounts receivable periodically to determine which accounts may not be collectible and adjusts the account accordingly.

**Inventories** - Inventories are stated at cost on the first-in, first-out basis.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when used rather than purchased.

**Property and Equipment** - Capital assets, which include land, buildings, furniture, vehicles, equipment, and infrastructure assets are reported in both the governmental activities and business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The County has elected not to retroactively report its infrastructure assets. Infrastructure assets acquired after the implementation of GASB 34 will be capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset nor materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. A capitalization threshold of \$5,000 is used, with an estimated useful life in excess of two years, except for land which is always capitalized regardless of cost.

Assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings, Structures, and Improvements	10-40
Infrastructure	25-50
Office and Maintenance Equipment	5-10
Vehicles	5

**Analysis of Impairments** - Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based on comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based on the fair value of the impaired assets. No such impairment losses were recorded during the year ended September 30, 2024.

**Long-Term Obligations** - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities within the statement of net position. Issuance costs associated with notes entered into are expensed in the year of issuance.

In the governmental funds, long-term obligations are not reported as liabilities. The face amount of debt issued net of any premium or discount is reported as other financing sources. Issuance costs are reported as debt service expenditures.

**Compensated Absences** - The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for employees eligible or expected to become eligible in the future to receive such payments upon termination are included.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Deferred Outflows/Inflows of Resources** - In addition to assets and liabilities, the Statements of Net Position for the government-wide statements and the proprietary fund statements will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. The governmental funds Balance Sheet will report a separate section for deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The County has several items which qualify for reporting in these categories, as described below.

- ***Governmental Fund Financial Statements*** - Within the governmental funds, revenues must be available in order to be recognized. Revenues, such as property taxes that have been assessed and remain uncollected, are reflected as a deferred inflow of resources (unavailable revenues) if they are not available in the current period, which the County has established as sixty days after year end. The amount of unavailable revenue from property taxes reported as of September 30, 2024, is \$58,373.
- ***Government-Wide Statements*** - The County, under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, reports contributions to the Texas County and District Retirement System (TCDRS) and the TCDRS Group Term Life Plan after the measurement date (December 31) as deferred outflows of resources as well as certain pension and OPEB items provided by TCDRS as deferred outflows of resources and deferred inflows of resources. As of September 30, 2024, the County reported \$351,242 of pension contributions and \$3,726 of OPEB contributions after the measurement date as deferred outflows of resources. The County also reported \$48,266 of pension items and \$56,007 of OPEB items as deferred outflows of resources. Finally, the County reported \$164,497 of pension items and \$77,500 of OPEB items as deferred inflows of resources

**Pensions** - For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, County-specific information about its fiduciary net position in TCDRS and additions to/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.

**Postemployment Benefits Other Than Pensions (OPEB)** - For purposes of measuring the total TCDRS Group Term Life Fund (GTLF) OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense, County-specific information about its total GTLF OPEB liability and additions to/deductions from the County's total GTLF OPEB liability have been determined on the same basis as they are reported by TCDRS. The GTLF OPEB expense and deferred outflows/(inflows) of resources related to the GTLF OPEB primarily result from changes in the components of the total GLTF OPEB liability. Most changes in the total GLTF OPEB liability will be included in the GLTF OPEB expense in the period of change. For example, changes in the total GLTF OPEB liability resulting from current-period service cost, interest on the total GLTF OPEB liability, and changes of benefit terms are required to be included in the GLTF OPEB expense immediately. Changes in the total GLTF OPEB liability that have not been included in the GLTF OPEB expense are required to be reported as deferred outflows or inflows of resources related to the GLTF OPEB.

**Interfund Activity** - Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables/payables. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. All transfers and interfund receivables and payables within governmental funds are eliminated in the government-wide financial statements, leaving only transfers and interfund payables between governmental and business-type activities and/or fiduciary funds reported on the government-wide Statement of Net Position or Statement of Activities.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Governmental Fund Balances** - In the governmental funds financial statements, equity is classified as fund balance. Fund balance is further classified as follows.

- ***Nonspendable fund balance:*** includes fund balance amounts that cannot be spent either because it is not in spendable form (e.g. inventories or prepaids) or because of legal or contractual requirements (e.g. endowments).
- ***Restricted fund balance:*** includes fund balance amounts which are constrained for specific purposes which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) internally imposed by law through constitutional provisions or enabling legislation.
- ***Committed fund balance:*** includes fund balance amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commissioners' Court (highest level of decision-making authority). These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action (resolution or ordinance) that was employed when the funds were initially committed. Currently, the County does not have any committed fund balances.
- ***Assigned fund balance:*** includes fund balance amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the Commissioners' Court. With the exception of the General Fund, this is the residual fund balance of the classification for all governmental funds with positive fund balances. The General Fund has assigned fund balances related to its indigent health services and EMS activities.
- ***Unassigned fund balance:*** includes the residual fund balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, assigned, or determined to be nonspendable. Negative residual fund balances in other governmental funds are also classified as unassigned.

**Net Position** - In the government-wide and proprietary fund financial statements, equity is classified as net position. Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is reported in three categories, as follows:

- ***Net investment in capital assets:*** consists of the portion of net position that is associated with capital assets, net of accumulated depreciation reduced by any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred inflows of resources related to those assets.
- ***Restricted net position:*** net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as Federal or State laws, buyers of the County's bonds, or grantors, or internally by law through enabling legislation.
- ***Unrestricted net position:*** consists of all other net position that does not meet the definition of the above two components and is available for general use by the County.

In regard to both net position and fund balance, when the County incurs an expense or expenditure for which both restricted and unrestricted resources may be used, it is the County's general policy to use restricted resources first, then unrestricted resources. If multiple categories of fund balances (restricted, committed, assigned, etc.) apply, the most restricted funds will be used before less restricted funds. However, the County reserves the right to use unrestricted net position or a lower-restricted fund balance category depending on the intended use of or legal requirements for the resources. Management typically makes this decision on a transactional basis when this type of expense/expenditure occurs.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Operating and Non-operating Revenues** - Revenues are classified as operating or non-operating according to the following criteria:

*Operating revenues* - include activities which have the characteristic of exchange transactions, such as charges for services and fees, net of any allowance for uncollectible amounts.

*Non-operating revenues* - include activities which have the characteristics of non-exchange transactions, such as capital grants and investment income.

**Operating and Non-operating Expenditures** - Expenditures are classified as operating or non-operating according to the following criteria:

*Operating expenditures* - include activities that have the characteristics of an exchange transaction such as employee salaries, benefits, and related expenses; maintenance, operations, and contractual services; materials and supplies; office expenses; and depreciation expenses related to County capital assets.

*Non-operating expenditures* - include activities that have the characteristics of non-exchange transactions such as interest on capital asset-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No. 9 - *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34.

**Encumbrances** - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general or special revenue funds.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**Subsequent Events** - FASB ASC 855-10-50-1 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or available to be issued. Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

**GASB Statement No. 87 Leases** - The County has implemented GASB 87. However, the County had three leases that would be impacted by this statement for the 2024 fiscal year.

**GASB Statement No. 96 Subscription-Based Information Technology Arrangements (SBITAs)** - The County has implemented GASB 96. However, the County has no arrangements that would be impacted by this statement for the 2024 fiscal year.



**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 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, must be reported with actions taken to address such violations.

- For the year ended September 30, 2024, the County had five instances of actual expenditures exceeding its budget. In the General Fund, the actual expenditures in the General Administration and Public Facilities functions, as well as Capital Outlay and overall expenditures exceeded the budgeted expenditures. And in the Lateral Road Fund, the actual expenditures in the Public Facilities function exceeded the budget expenditures. The County will more closely monitor the expenditures in future years to try to avoid exceeding the budget.

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

- The County reported no deficit fund balances as of the fiscal year-end.

**NOTE C - DEPOSITS AND INVESTMENTS**

The County's funds are required to be deposited and invested under the terms of a depository contract. The County maintains separate deposit accounts for each fund. Deposits applicable to a particular fund are readily identifiable. Cash in excess of current requirements is invested in interest bearing certificates of deposit. 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.

**1. Cash Deposits**

The County's cash deposits (checking accounts, money market accounts, and certificates of deposit) are carried at cost, which approximates fair value. At September 30, 2024, the carrying amount of deposits was \$6,518,281 for the County funds and \$20,821,806 for the fiduciary fund.

Collateralization - The FDIC provides coverage of up to \$250,000 for interest-bearing and non-interest-bearing demand accounts separately from an additional \$250,000 for interest-bearing time and savings accounts. Excess coverage from one category is not transferable to the other. No security is required for the deposit of public money being insured by the Federal Deposit Insurance Corporation. The County's cash deposits at September 30 were covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name. However, there were three months during the year in which the County's deposits at one of its banks were not fully covered. The County is taking steps to prevent this from occurring in the future. The table below shows the coverage at the four banks the County holds deposits in at year end.

	<b>Bank of Texas</b>	<b>PlainsCapital Bank</b>	<b>First National Bank of Aspermont</b>	<b>Spur Security Bank</b>	<b>Totals</b>
Deposits	\$ 4,148,641	\$ 14,155,595	\$ 9,276,214	\$ -	\$ 27,580,450
Less Amounts in CDARs	-	-	(4,900,000)	-	(4,900,000)
Less FDIC Coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(1,000,000)</u>
Uninsured Funds	3,648,641	13,905,595	4,126,214	-	21,680,450
Pledged Collateral Securities	<u>6,651,397</u>	<u>16,841,418</u>	<u>4,314,308</u>	<u>-</u>	<u>27,807,123</u>
Uninsured and Uncollateralized	<u>\$ (3,002,756)</u>	<u>\$ (2,935,823)</u>	<u>\$ (188,094)</u>	<u>\$ -</u>	<u>\$ (6,126,673)</u>

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE C - DEPOSITS AND INVESTMENTS (Cont.)**

**2. Investments**

The County's investment policies are governed by state statutes. The Public Funds Investment Act (Act), Government Code Chapter 2256, contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must be written, and it must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires the County to have independent auditors perform test procedures related to investment practices. Audit procedures in this area conducted as a part of the audit of the basic 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 only investments the County currently has are certificates of deposit which are included above.

**3. 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 agencies are designed to give an indication of credit risk. The County's investments would be exposed to credit risk to the extent they were not invested in investment pools or other accounts not rated AAA or AAA-m. Certificates of deposit are not subject to this risk, so the County has no exposure.

*b. Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned to it. 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. As stated above, the County's deposits were not covered for the entire year, so the County was exposed to custodial credit risk for deposits for the time periods that the coverage was insufficient.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE C - DEPOSITS AND INVESTMENTS (Cont.)**

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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. Investments are subject to this risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County's other securities are exposed to custodial credit risk to the extent they are not invested in U.S. Treasury instruments or exist in physical or book entry form. With only certificates of deposit, the County is not exposed to custodial credit risk for investments.

*c. Concentration of Credit Risk*

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

*d. Interest Rate Risk*

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

*e. Foreign Currency Risk*

Foreign currency risk 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.

**NOTE D - RECEIVABLES**

**Government Activities** – The County records property taxes collected within sixty days of year end as additional revenue. The County reserves the amount of property tax as uncollectible in the General and Lateral Road Funds in two parts: what the County estimates as truly uncollectible as an Allowance for Uncollectible Taxes and what the County estimates as collectible after sixty days after year-end as a Deferred Outflow of Resources as of September 30, 2024.

Property Taxes Receivable	
Property Taxes Receivable	\$ 69,631
Allowance for Uncollectible Taxes	(1,392)
Deferred Inflows	<u>(58,373)</u>
Net Property Tax Receivable	<u>\$ 9,866</u>

**Business-type Activities** – The Kent County Nursing Home Fund Medicaid Receivable is a mix of gross receivables from patients and third-party payors. A reserve is set for receivables over ninety days outstanding.

Gross Accounts Receivable	\$ 1,087,258
Less Allowance for Doubtful Accounts	<u>(659,838)</u>
Accounts Receivable - Net	<u>\$ 427,420</u>

**Concentrations of Risk** - The County depends on financial resources flowing from, or associated with, property taxes, the Federal Government and the State of Texas. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal, State, and local appropriations; collections, and property values.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE E - TRANSFERS AND INTERFUND BALANCES**

During the year, the County transferred \$125,981 from the General Fund to the Lateral Road Fund and \$1,485,892 from the General Fund to the Kent County Nursing Home Fund to pay for operating expenses.

The County reported no interfund balances as of September 30, 2024.

**NOTE F - CAPITAL ASSETS**

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

**Governmental Activities:**

	Balance September 30 2023	Increases	Decreases	Balance September 30 2024
<b>Non-depreciable Capital Assets</b>				
Land	\$ 25,615	\$ 2,525	\$ -	\$ 28,140
Construction in Progress	<u>576,556</u>	<u>12,731</u>	<u>-</u>	<u>589,287</u>
Total Non-depreciable Capital Assets	<u>602,171</u>	<u>15,256</u>	<u>-</u>	<u>617,427</u>
<b>Depreciable Capital Assets</b>				
Infrastructure	408,800	-	-	408,800
Buildings and Improvements	4,068,507	22,500	-	4,091,007
Equipment	692,285	129,261	-	821,546
Vehicles	<u>4,127,688</u>	<u>201,799</u>	<u>-</u>	<u>4,329,487</u>
Total Depreciable Capital Assets	<u>9,297,280</u>	<u>353,560</u>	<u>-</u>	<u>9,650,840</u>
<b>Accumulated Depreciation</b>				
Infrastructure	(116,168)	(8,176)	-	(124,344)
Buildings and Improvements	(2,882,632)	(85,364)	-	(2,967,996)
Equipment	(600,788)	(25,443)	-	(626,231)
Vehicles	<u>(3,221,384)</u>	<u>(205,808)</u>	<u>-</u>	<u>(3,427,192)</u>
Accumulated Depreciation	<u>(6,820,972)</u>	<u>(324,791)</u>	<u>-</u>	<u>(7,145,763)</u>
Total Depreciable Capital Assets, Net	<u>2,476,308</u>	<u>28,769</u>	<u>-</u>	<u>2,505,077</u>
Capital Assets, Net	<u>\$ 3,078,479</u>	<u>\$ 44,025</u>	<u>\$ -</u>	<u>\$ 3,122,504</u>

Management has elected to present the governmental activities depreciation expense of \$324,791 as a separate line-item expense on the Statement of Activities rather than allocating the expense to each function within the primary government.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE F - CAPITAL ASSETS (Cont.)**

**Business-type Activities:**

	Balance 2023	Additions	Deletions	Balance 2024
Building and Improvements	\$ 3,227,348	\$ -	\$ -	\$ 3,227,348
Furniture and Equipment	<u>381,874</u>	<u>-</u>	<u>-</u>	<u>381,874</u>
	3,609,222	-	-	3,609,222
Less Accumulated Depreciation	<u>(3,368,773)</u>	<u>(48,100)</u>	<u>-</u>	<u>(3,416,873)</u>
Capital Assets, Net	<u>\$ 240,449</u>	<u>\$ (48,100)</u>	<u>\$ -</u>	<u>\$ 192,349</u>

**NOTE G - COMPENSATED ABSENCES**

Vacation and sick leave are earned by employees during the year based on time worked, are non-cumulative, and are considered to be a current liability. Vacation leave due, if any, is paid upon an employee's termination. Compensation for sick leave is limited to time off and is not monetarily compensated. The activity of the accrued leave due to employees as of September 30, 2024 is detailed below. Vacation for the governmental activities is paid by the respective funds to which the employee is assigned.

	Balance September 30, 2023	Increases	Decreases	Balance September 30, 2024	Payable Within One Year
Governmental Activities	<u>\$ 25,774</u>	<u>\$ 52,110</u>	<u>\$ (46,604)</u>	<u>\$ 31,280</u>	<u>\$ 31,280</u>
Total	<u>\$ 25,774</u>	<u>\$ 52,110</u>	<u>\$ (46,604)</u>	<u>\$ 31,280</u>	<u>\$ 31,280</u>

**NOTE H - LONG-TERM DEBT**

During the fiscal year, the County entered into three capital leases with Visual Edge IT for copiers. On January 18, 2024, the Sheriff's office agreed to lease a Xerox VersaLink C7125 copier for 60 months. The value of the copier was \$10,737 and payments of \$240 per month starting in February 2024 would be made. The interest rate is 12.25%.

On August 29, 2024, the Clerk's office agreed to lease a Xerox VersaLink C7130 copier for 48 months. The value of the copier was \$7,573 and payment of \$200 per month starting in October 2024 would be made. The interest rate is 12.25%.

On September 18, 2024, the Extension office agreed to lease a Xerox VersaLink C7125 copier for 60 months. The value of the copier was \$7,501 and payments of \$168 per month starting in October 2024 would be made. The interest rate is 12.25%.

**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE H - LONG-TERM DEBT (Cont.)**

Changes in long-term debt for the County for the year ended September 30, 2024 are as follows:

Kent County	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Capital Lease – Copier – Sheriff	\$ -	\$ 10,737	\$ 1,086	\$ 9,651	\$ 1,799
Capital Lease – Copier - Clerk	-	7,573	-	7,573	1,563
Capital Lease – Copier – Extension Office	-	7,501	-	7,501	1,159
Total	\$ -	\$ 25,811	\$ 1,086	\$ 24,725	\$ 4,521

Debt service requirements of the County's long-term debt outstanding at September 30, 2024, are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 4,521	\$ 2,778	\$ 7,299
2026	5,104	2,195	7,299
2027	5,766	1,533	7,299
2028	6,512	787	7,299
2029	2,822	152	2,974
Totals	\$ 24,725	\$ 7,445	\$ 32,170

**NOTE I - TCDRS PENSION PLAN**

Plan Description

The County provides retirement, disability, and survivor benefits for all of its full- and part-time non-temporary employees and their beneficiaries, regardless of the number of hours they work in a year, through a non-traditional defined benefit pension plan in the Texas County & District Retirement System (TCDRS). Employees in a temporary position are not eligible for membership. The Board of Trustees of TCDRS is responsible for the administration of the statewide, agent multiple-employer, public employee retirement system consisting of nearly 870 participating counties and districts throughout Texas. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar-year basis. The ACFR is available upon written request from TCDRS at P.O. Box 2034, Austin, Texas 78768-2034 and on their website at [www.tcdrs.org](http://www.tcdrs.org).

Benefits Provided

Benefit and plan provisions are adopted by the Commissioners' Court, within the options available in the state statutes governing TCDRS (TCDRS Act) and can be amended by the Commissioners' Court as well, within the options available in the TCDRS Act. TCDRS is a savings-based plan where members save for their retirement over the length of their careers. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted into an annuity.

Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 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 their employer. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the plan description above.

**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE I - TCDRS PENSION PLAN (Cont.)**

Benefits Provided (Cont.)

*Employees covered by benefit terms*

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	72
Inactive Employees Entitled to but Not Yet Receiving Benefits	283
Active Employees	<u>95</u>
Total	<u>450</u>

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of the employee members. The contribution rate of the employer is actuarially determined annually on a calendar-year basis using the entry age actuarial cost method. The actuarially determined required contribution rates for calendar years 2024 and 2023 were 10.82% and 10.79%, respectively. The County elected to contribute at a higher rate of 14.14% for 2024 and 2023. The County's contributions to TCDRS for fiscal year 2024 were \$482,034 and were greater than the required contributions. The contribution rate payable by the employee members is the rate of 7% as adopted by the Commissioners' Court. Both the employee and employer contribution rates may be changed by the Commissioners' Court within the options available in the TCDRS Act, except the employer contribution rate cannot be less than the actuarially determined rate.

Net Pension (Asset)/Liability

The County's Net Pension (Asset)/Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Net Pension (Asset)/Liability	Total
Total Pension Liability	\$ 17,597,652
Less: Plan Fiduciary Net Position	<u>(18,180,672)</u>
Net Pension (Asset)/Liability	<u>\$ (583,021)</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	103.31%
Pensionable Covered Payroll <sup>(1)</sup>	\$ 3,570,147
Net Pension (Asset)/Liability as a Percentage of Covered Payroll	(16.33%)

Note: Rounding differences may exist above or in other tables in this report.

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

*Actuarial Assumptions*

The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Overall Payroll Growth	4.70% per year, including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation

**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE I - TCDRS PENSION PLAN (Cont.)**

Net Pension (Asset)/Liability (Cont.)

*Actuarial Assumptions(Cont.)*

Mortality rate assumptions from 2023 forward are outlined in the following table:

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 actuarial assumptions used in the December 31, 2023 valuation were developed from an actuarial experience investigation over the years 2017-2020, except where required to be different by GASB 68.

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

New employees are assumed to replace any terminated employees and have similar entry ages. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience. The probability of disablement from all other causes is applicable for members who are vested but not eligible for service retirement. Before a member is vested, only the work-related disability assumptions are applicable.

For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Deferred members are assumed to retire (100% probability) at the later of age 60 or the earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.

The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement varies by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. For non-depositing members who are not vested, 100% are assumed to elect withdrawal.



**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE I - TCDRS PENSION PLAN (Cont.)**

*Long-term Expected Rate of Return*

The long-term expected rate of return on TCDRS assets was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater, LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2024 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Cliffwater's expertise is used in this assessment.

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup>
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities-Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities-Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U. S. Treasury	2.00%	0.60%
Total		<u>100.00%</u>	

<sup>(1)</sup> Target asset allocation adopted at the March 2024 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

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

Real Rate of Return	5.00%
Inflation	2.50%
Long-term Investment Return	7.50%

**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE I - TCDRS PENSION PLAN (Cont.)**

*Discount Rate*

The discount rate used to measure the TPL was 7.60%. This rate reflects the long-term assumed rate of return funding valuation assumption of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses as required by GASB 68. TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension (asset)/liability of the employer is equal to the long-term assumed rate on investments. The long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

*Sensitivity of the Net Pension (Asset)/Liability to Changes in the Discount Rate*

The following presents the NPL of the County, calculated using the discount rate of 7.60%, as well as what the County's NPL 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%)	Current Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	\$ 19,521,852	\$ 17,597,652	\$ 15,966,713
Fiduciary Net Position	(18,180,672)	(18,180,672)	(18,180,672)
County's Net Pension (Asset)/Liability	\$ 1,341,180	\$ (583,021)	\$ (2,213,959)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately-issued TCDRS ACFR.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE I - TCDRS PENSION PLAN (Cont.)**

*Change in Net Pension (Asset)/Liability*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
	(a)	(b)	(a)-(b)
Balances as of December 31, 2022	\$ 17,262,684	\$ 16,930,446	\$ 332,238
Changes for the Year:			
Service Cost	555,601	-	555,601
Interest on the Total Pension Liability <sup>(1)</sup>	1,304,655	-	1,304,655
Effect of Plan Changes <sup>(2)</sup>	-	-	-
Effect of Economic/Demographic Gains or Losses	(197,439)	-	(197,439)
Effect of Assumptions Changes or Inputs	-	-	-
Refund of Contributions	(152,102)	(152,102)	-
Benefit Payments	(1,175,748)	(1,175,748)	-
Administrative Expenses	-	(9,493)	9,493
Member Contributions	-	249,910	(249,910)
Net Investment Income	-	1,855,000	(1,855,000)
Employer Contributions	-	504,571	(504,571)
Other <sup>(3)</sup>	-	(21,913)	21,913
Net Changes	334,967	1,250,225	(915,258)
Balance as of December 31, 2023	\$ 17,597,652	\$ 18,180,672	\$ (583,021)

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

**Pension Expense**

For the year ended September 30, 2024, the County recognized total pension (income)/expense of (\$65,028).

Service Cost	\$ 555,601
Interest on Total Pension Liability <sup>(1)</sup>	1,304,655
Effect of Plan Changes	-
Administrative Expenses	9,493
Member Contributions	(249,910)
Expected Investment Return Net of Investment Expenses	(1,264,153)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(98,685)
Recognition of Assumption Changes or Inputs	-
Recognition of Investment Gains or Losses	(343,942)
Other <sup>(2)</sup>	21,913
Pension (Income)/Expense	\$ (65,028)

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

<sup>(2)</sup> Relates to allocation of system-wide items.

**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE I - TCDRS PENSION PLAN (Cont.)**

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of 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 Experience	\$ -	\$ 164,497
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings	48,266	-
Contributions Made Subsequent to Measurement Date	351,242	-
Total	\$ 399,508	\$ 164,497

\$351,242 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 NPL for the year ending September 30, 2025.

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

Year Ended September 30	Net Deferred Outflows (Inflows) of Resources
2025	\$ (232,141)
2026	(133,212)
2027	367,293
2028	(118,171)
2029	-
Thereafter <sup>(1)</sup>	-
Total	\$ (116,231)

<sup>(1)</sup> Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

**NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description

The County also participates in the multiple-employer defined benefit group-term life insurance plan operated by TCDRS known as the Group Term Life Fund (GTLF). This is a voluntary program where the County elected to provide group-term life insurance coverage to both current and retired employees. The County may terminate coverage under and discontinue participation in the GTLF at any time (starting the following January 1 after terminating coverage).

The GTLF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under Paragraph 4b of GASB 75 (*i.e.* no assets are accumulated for OPEB) and as such the GTLF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the GTLF is not considered a cost-sharing plan and is instead considered a single-employer, defined benefit OPEB plan with benefit payments treated as being equal to the employer's actual yearly contribution for retirees.

**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)**

**Benefits Provided**

The death benefit for active employees provides a lump-sum payment equal to the employee's current annual compensation. Retired employees are insured for \$5,000; this coverage is an "other postemployment benefit," or OPEB.

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

Membership*	
Number of	
- Inactive Employees Currently Receiving Benefits	58
- Inactive Employees Entitled to but Not Yet Receiving Benefits	43
- Active Employees	<u>95</u>
Total	<u>196</u>

\* Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a GTLF benefit (i.e. excludes deceased members' beneficiaries already receiving pension benefits, non-vested terminations due a refund, etc.)

**Contributions**

The County contributes to the GTLF 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 GTLF 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 the employees' entire careers.

The County's contribution rates were 0.26% and 0.26% for calendar years 2024 and 2023 respectively, of which 0.15% and 0.13% represented the retiree portion for calendar years 2024 and 2023 respectively, as a percentage of covered payroll. The County's contributions to the GTLF for the year ended September 30, 2024 were \$8,868 in total, and the retiree portion was \$4,931, which equaled the required contributions.

**Total OPEB Liability**

The County's Total OPEB Liability of \$313,918 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

**KENT COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)**

Total OPEB Liability (Cont.)

*Actuarial assumptions*

The following actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020, except where required to be different by GASB 75. These actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	Does not apply
Salary Increases	Does not effect benefits but via a table from TCDRS (not included here) they are used in the allocation of costs under the actuarial cost method.
Discount Rate	3.26% (Based on bondbuyer.com's 20-Year Bond GO Index rate as of December 28, 2023)
Retiree's Share of Benefit-Related Costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates – Depositing Members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality Rates – Service Retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality Rates – Disabled Retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

*Changes in Total OPEB Liability*

Balance at December 31, 2022	\$ 278,268
Changes for the Year:	
Service Cost	6,851
Interest on the Total OPEB Liability <sup>(1)</sup>	10,521
Changes of Benefit Terms <sup>(2)</sup>	-
Effect of Economic/Demographic Experience	(971)
Effect of Assumptions Changes or Inputs <sup>(3)</sup>	23,890
Benefit Payments**	(4,641)
Other	-
Net Changes	<u>35,650</u>
Balance at December 31, 2023	<u>\$ 313,918</u>

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Reflects change in discount rate.

\*\* Due to the GTLF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)**

**Total OPEB Liability (Cont.)**

*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 3.26%, 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 (2.26%) or 1-percentage-point higher (4.26%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in Discount Rate (2.26%)	Discount Rate (3.26%)	1% Increase in Discount Rate (4.26%)
County's Total OPEB Liability	\$ 377,350	\$ 313,918	\$ 265,383

**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 \$18,318.

Service Cost	\$ 6,851
Interest on Total OPEB Liability <sup>(1)</sup>	10,521
Effect of Plan Changes	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(2,209)
Recognition of Assumption Changes or Inputs	3,155
Other	-
OPEB (Income)/Expense	<u>\$ 18,318</u>

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

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 Resources
Differences Between Expected and Actual Experience	\$ 9,386	\$ 8,752
Changes of Assumptions	46,621	68,748
Contributions Made Subsequent to Measurement Date	3,726	-
Total	<u>\$ 59,733</u>	<u>\$ 77,500</u>

\$3,726 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont.)

Fiscal Year Ended September 30	Net Deferred Outflows (Inflows) of Resources
2025	\$ 946
2026	(5,404)
2027	(10,428)
2028	(10,426)
2029	3,819
Thereafter	-
Total <sup>(1)</sup>	<u>\$ (21,493)</u>

<sup>(1)</sup>Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

**NOTE K - COMMITMENTS AND CONTINGENCIES**

**Contingencies** - The County participates in grant programs which are governed by various regulations and rules of the grantor agencies. The County receives Federal, state, and local grants and contributions in the course of operations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent 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. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by a grantor cannot be determined at this time. So, in the opinion of the County, there are no significant contingent liabilities relating to the 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, and the County expects such amounts, if any, to be immaterial.

**Litigation and Claims** - The County is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management and the Commissioners' Court that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the County. As of September 30, 2024, the County has no pending litigation that would have a material effect on the financial statements.

**NOTE L - 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. The County obtains general liability coverage and healthcare coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State of Texas as a member of the Texas Association of Counties Self Insurance Funds (TAC). TAC is a self-funded pool operating as a common risk management and insurance program. The County pays an annual premium to TAC for the aforementioned insurance coverage.



**KENT COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE L - RISK MANAGEMENT (Cont.)**

The agreement for the formation of TAC provides that TAC 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 also carries 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**KENT COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION (ASSET)/LIABILITY**  
**& RELATED RATIOS - TCDRS\***  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
*(unaudited)*

	Measurement Date									
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<b>Total Pension Liability</b>										
Service Cost	\$ 555,601	\$ 594,325	\$ 426,781	\$ 420,275	\$ 420,928	\$ 380,977	\$ 380,817	\$ 381,193	\$ 368,526	\$ 355,032
Interest on the Total Pension Liability	1,304,655	1,254,797	1,214,568	1,195,940	1,155,048	1,112,727	1,060,015	991,597	950,706	899,839
Effect of Plan Changes	-	160,205	-	-	-	-	-	-	(43,023)	-
Effect of Assumption Changes or Inputs	-	-	(115,425)	763,473	-	-	113,761	-	152,614	-
Effect of Economic/Demographic (Gains) or Losses	(197,439)	(98,615)	(94,965)	(166,147)	(104,274)	(56,523)	(25,519)	53,064	(130,049)	11,187
Benefit Payments/Refunds of Employee Contributions	(1,327,850)	(1,108,081)	(1,031,674)	(975,399)	(957,373)	(952,013)	(807,747)	(743,735)	(749,007)	(649,769)
<b>Net Change in Total Pension Liability</b>	<b>334,967</b>	<b>802,631</b>	<b>399,285</b>	<b>1,238,142</b>	<b>514,329</b>	<b>485,168</b>	<b>721,328</b>	<b>682,119</b>	<b>549,767</b>	<b>616,289</b>
<b>Total Pension Liability - Beginning</b>	<b>17,262,684</b>	<b>16,460,053</b>	<b>16,060,768</b>	<b>14,822,626</b>	<b>14,308,297</b>	<b>13,823,129</b>	<b>13,101,801</b>	<b>12,419,682</b>	<b>11,869,915</b>	<b>11,253,626</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 17,597,651</b>	<b>\$ 17,262,684</b>	<b>\$ 16,460,053</b>	<b>\$ 16,060,768</b>	<b>\$ 14,822,626</b>	<b>\$ 14,308,297</b>	<b>\$ 13,823,129</b>	<b>\$ 13,101,801</b>	<b>\$ 12,419,682</b>	<b>\$ 11,869,915</b>
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 504,571	\$ 542,464	\$ 513,717	\$ 433,893	\$ 432,924	\$ 445,235	\$ 406,493	\$ 407,794	\$ 382,948	\$ 386,695
Member Contributions	249,910	268,529	234,774	198,394	198,151	203,324	185,734	186,328	174,976	176,688
Investment Income Net of Investment Expenses	1,855,000	(1,048,252)	3,323,624	1,464,532	2,049,485	(246,430)	1,687,593	806,372	45,788	709,070
Benefit Payments/Refunds of Employee Contributions	(1,327,850)	(1,108,081)	(1,031,674)	(975,399)	(957,373)	(952,013)	(807,747)	(743,735)	(749,007)	(649,769)
Administrative Expenses	(9,493)	(9,922)	(9,904)	(11,180)	(10,808)	(10,022)	(8,676)	(8,748)	(7,883)	(8,238)
Other	(21,913)	(20,597)	(3,814)	(14,100)	(7,052)	(7,772)	(2,970)	75,508	3,568	53,676
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,250,225</b>	<b>(1,375,859)</b>	<b>3,026,723</b>	<b>1,096,140</b>	<b>1,705,327</b>	<b>(567,678)</b>	<b>1,460,427</b>	<b>723,519</b>	<b>(149,611)</b>	<b>668,122</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>16,930,446</b>	<b>18,306,306</b>	<b>15,279,582</b>	<b>14,183,442</b>	<b>12,478,115</b>	<b>13,045,793</b>	<b>11,585,366</b>	<b>10,861,847</b>	<b>11,011,458</b>	<b>10,343,336</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 18,180,671</b>	<b>\$ 16,930,446</b>	<b>\$ 18,306,306</b>	<b>\$ 15,279,582</b>	<b>\$ 14,183,442</b>	<b>\$ 12,478,115</b>	<b>\$ 13,045,793</b>	<b>\$ 11,585,366</b>	<b>\$ 10,861,847</b>	<b>\$ 11,011,458</b>
<b>Net Pension (Asset)/Liability - Ending = (a)-(b)</b>	<b>\$ (583,021)</b>	<b>\$ 332,238</b>	<b>\$ (1,846,253)</b>	<b>\$ 781,186</b>	<b>\$ 639,184</b>	<b>\$ 1,830,182</b>	<b>\$ 777,336</b>	<b>\$ 1,516,435</b>	<b>\$ 1,557,835</b>	<b>\$ 858,457</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>103.31%</b>	<b>98.08%</b>	<b>111.22%</b>	<b>95.14%</b>	<b>95.69%</b>	<b>87.21%</b>	<b>94.38%</b>	<b>88.43%</b>	<b>87.46%</b>	<b>92.77%</b>
<b>Pensionable Covered Employee Payroll</b>	<b>\$ 3,570,147</b>	<b>\$ 3,836,134</b>	<b>\$ 3,353,916</b>	<b>\$ 2,834,201</b>	<b>\$ 2,830,734</b>	<b>\$ 2,904,633</b>	<b>\$ 2,653,340</b>	<b>\$ 2,621,552</b>	<b>\$ 2,499,654</b>	<b>\$ 2,524,118</b>
<b>Net Pension (Asset)/Liability as a Percentage of Covered Employee Payroll</b>	<b>-16.33%</b>	<b>8.66%</b>	<b>-55.05%</b>	<b>27.56%</b>	<b>22.58%</b>	<b>63.01%</b>	<b>29.30%</b>	<b>57.84%</b>	<b>62.32%</b>	<b>34.01%</b>

\* Rounding effects may cause some numbers to be slightly different from those reported in the footnotes or on the financial statements themselves.

**KENT COUNTY, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS - TCDRS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
*(unaudited)*

	<u>FYE 9/30/2024</u>	<u>FYE 9/30/2023</u>	<u>FYE 9/30/2022</u>	<u>FYE 9/30/2021</u>	<u>FYE 9/30/2020</u>	<u>FYE 9/30/2019</u>	<u>FYE 9/30/2018</u>	<u>FYE 9/30/2017</u>	<u>FYE 9/30/2016</u>	<u>FYE 9/30/2015</u>
Actuarially Determined Contribution	\$ 368,764	\$ 423,877	\$ 512,142	\$ 425,810	\$ 391,556	\$ 389,428	\$ 409,106	\$ 375,969	\$ 381,079	\$ 373,265
Actual Employer Contribution	<u>482,034</u>	<u>521,522</u>	<u>553,786</u>	<u>476,804</u>	<u>431,286</u>	<u>421,325</u>	<u>443,177</u>	<u>401,991</u>	<u>398,067</u>	<u>382,674</u>
Contribution Deficiency (Excess)	<u>\$ (113,270)</u>	<u>\$ (97,645)</u>	<u>\$ (41,644)</u>	<u>\$ (50,994)</u>	<u>\$ (39,730)</u>	<u>\$ (31,897)</u>	<u>\$ (34,071)</u>	<u>\$ (26,022)</u>	<u>\$ (16,988)</u>	<u>\$ (9,409)</u>
Pensionable Covered Payroll*	\$ 3,410,742	\$ 3,688,274	\$ 3,831,228	\$ 3,112,951	\$ 2,815,186	\$ 2,755,087	\$ 2,891,474	\$ 2,623,964	\$ 2,598,351	\$ 2,497,871
Actual Contribution as a Percentage of Covered Payroll	14.13%	14.14%	14.45%	15.32%	15.32%	15.29%	15.33%	15.32%	15.32%	15.32%

\* Payroll is calculated based on contributions as reported to TCDRS.

**KENT COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY & RELATED RATIOS**  
**TCDRS - GROUP TERM LIFE FUND\***  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
*(unaudited)*

	Measurement Date						
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
<b>Total OPEB Liability</b>							
Service Cost	\$ 6,851	\$ 13,304	\$ 11,465	\$ 11,270	\$ 9,810	\$ 10,358	\$ 8,836
Interest on the Total OPEB Liability	10,521	7,428	7,240	8,430	9,448	8,368	9,138
Effect of Plan Changes	-	-	-	-	-	-	-
Effect of Assumption Changes or Inputs	23,890	12,469	8,017	36,968	59,923	(24,127)	9,558
Effect of Economic/Demographic (Gains) or Losses	(971)	(97,955)	(1,090)	(15,156)	4,827	1,879	(19,633)
Benefit Payments	(4,641)	(8,439)	(8,385)	(7,369)	(9,058)	(8,423)	(7,429)
<b>Net Change in Total OPEB Liability</b>	<u>35,650</u>	<u>(73,193)</u>	<u>17,247</u>	<u>34,143</u>	<u>74,950</u>	<u>(11,945)</u>	<u>470</u>
<b>Total OPEB Liability - Beginning</b>	<u>278,268</u>	<u>351,461</u>	<u>334,214</u>	<u>300,071</u>	<u>225,121</u>	<u>237,066</u>	<u>236,596</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 313,918</u></u>	<u><u>\$ 278,268</u></u>	<u><u>\$ 351,461</u></u>	<u><u>\$ 334,214</u></u>	<u><u>\$ 300,071</u></u>	<u><u>\$ 225,121</u></u>	<u><u>\$ 237,066</u></u>
 <b>Pensionable Covered Payroll</b>	 \$ 3,570,147	 \$ 3,836,134	 \$ 3,353,916	 \$ 2,834,201	 \$ 2,830,734	 \$ 2,904,633	 \$ 2,653,340
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 8.79%	 7.25%	 10.48%	 11.79%	 10.60%	 7.75%	 8.93%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 75, they should not be shown here. Therefore, we have shown only years for which the new GASB statement has been implemented.

**KENT COUNTY, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2024**

**NOTE A - NET PENSION (ASSET)/LIABILITY- TCDRS**

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	3.7 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Other Information

Changes in Benefit Terms	There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality, and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality, and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: Employer contributions reflect that a 2% flat COLA was adopted.

\*Only changes that affect the benefit amount and that are effective 2015 and later are shown.

**KENT COUNTY, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2024**

**NOTE B - TOTAL OPEB LIABILITY - TCDRS GROUP TERM LIFE FUND**

Valuation Timing:

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.

Methods and Assumptions Used to Determine Contribution Rates:

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
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not effect benefits but via a table from TCDRS (not included here) they are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)*	3.26%
Cost-of-Living Adjustment	Does not apply
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates – Depositing Members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality Rates – Service Retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Healthy Retirees Amount- Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality Rates – Disabled Retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

\*The discount rate was based on bondbuyer.com's 20-Year Bond GO Index rate as of December 28, 2023.

Other Information:

Notes	There were no changes in benefit terms during the year. Included in the changes in assumptions was a decrease to the discount rate from 3.72% to 3.26%. No assets are accumulated in a trust for the GTL plan that meets the criteria in Paragraph 4b of GASB Statement No. 75 to pay related benefits.
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## **SUPPLEMENTARY INFORMATION**



**KENT COUNTY, TEXAS  
NONMAJOR FUND DESCRIPTIONS  
SEPTEMBER 30, 2024**

**Lateral Road – State Fund** – Per 256.005 of the Texas Transportation Code, the lateral road – state fund is a dedicated fund that can only be used for the maintenance of roads. The funds may be used for the purchase of capital equipment to be used for the construction and maintenance of farm-to-market roads.

**Courthouse Security Fund** – According to Texas Local Government Code 134.101, 134.102, and 134.103, money deposited in a courthouse security fund may be used only for security personnel, services, and items related to buildings that house the operations of district, county, or justice courts.

**Records Management Fund** – Section 118.0216 of the Texas Local Government Code is for the records management and preservation services performed by the county clerk after the filing and recording of a document in the records of the office of the clerk. The fee must be paid at the time of the filing of the document, the fee shall be deposited in a separate records management account in the general fund of the county, and the fee may be used only to provide specific records management and preservation, including automation purposes. All expenditures from the records management and preservation shall comply with Subchapter C, Chapter 262.

**Law Library Fund** – Section 323.023 of the Texas Local Government Code states a sum set by the Commissioners' Court not to exceed \$35, shall be taxed, collected, and paid as other costs in each civil case filed in a county or district court, except suits for delinquent taxes. The county is not liable for the costs. The clerks of the respective courts shall collect the costs and pay them to the county treasurer, for deposit in a fund to be known as the county law library fund. The fund may be used for: 1) establishing the law library after the entry of the order creating it; 2) purchasing or leasing library materials, maintaining library or acquiring furniture, shelving or equipment for the library; and 3) purchasing or leasing library materials or acquiring library equipment, including computers, software, and subscriptions to obtain access to electronic research networks for use by judges in the county.

**KENT COUNTY, TEXAS  
COMBINED BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024**

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Lateral Road - State Fund</b>	<b>Courthouse Security Fund</b>	<b>Records Management Fund</b>	<b>Law Library Fund</b>	
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 101	\$ 24,158	\$ 40,182	\$ 1,595	\$ 66,035
<b>Total Assets</b>	<u>\$ 101</u>	<u>\$ 24,158</u>	<u>\$ 40,182</u>	<u>\$ 1,595</u>	<u>\$ 66,035</u>
 <b>LIABILITIES &amp; FUND BALANCE</b>					
<b>LIABILITIES</b>					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted for:					
Road & Bridge	101	-	-	-	101
Records Preservation	-	-	40,182	-	40,182
Courthouse Security	-	24,158	-	-	24,158
Library	-	-	-	1,595	1,595
<b>Total Fund Balances</b>	<u>101</u>	<u>24,158</u>	<u>40,182</u>	<u>1,595</u>	<u>66,035</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>\$ 101</u>	<u>\$ 24,158</u>	<u>\$ 40,182</u>	<u>\$ 1,595</u>	<u>\$ 66,035</u>

**KENT COUNTY, TEXAS  
COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2024**

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Lateral Road -State Fund</b>	<b>Courthouse Security Fund</b>	<b>Records Management Fund</b>	<b>Law Library Fund</b>	
<b>REVENUES</b>					
Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, Fees, & Forfeits	-	-	-	-	-
<b>Total Revenues</b>	-	-	-	-	-
<b>EXPENDITURES</b>					
<b>Current</b>					
General Administration	-	-	-	-	-
Road & Bridge	-	-	-	-	-
Public Facilities	-	-	-	-	-
<b>Capital Outlay</b>	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-
<b>Excess (Deficit) of Revenues over Expenditures Before Transfers</b>	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	-
<b>Net Change in Fund Balance after Transfers</b>	-	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	101	24,158	40,182	1,595	66,035
<b>Fund Balance, End of Year</b>	<u>\$ 101</u>	<u>\$ 24,158</u>	<u>\$ 40,182</u>	<u>\$ 1,595</u>	<u>\$ 66,035</u>