

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

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Members of
American Institute of CPAs
Texas Society of CPAs

February 8, 2024

The Honorable County Judge
and Commissioners' Court
County of Mills
P.O. Box 483
Goldthwaite, TX 76844-0483

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Mills, Texas, for the year ended September 30, 2023, and have issued our report thereon dated February 8, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 11, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Section I. of the notes to the financial statements. The provisions of Governmental Accounting Standards Board Statement No. 96, "*Subscription-Based Information Technology Arrangements*," were adopted during the year ended September 30, 2023. The application of other existing policies was not changed. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the County's financial statements was:

The estimated useful lives of depreciable assets, which are based on projections of the productive lives of the assets. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

The Honorable County Judge
and Commissioners' Court
Page 2
February 8, 2024

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information for the Texas County & District Retirement System, which are presented as supplementary information related to the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit this information, and we do not express an opinion or provide any assurance on this information.

We were engaged to report on the schedule of certificates of deposit, which accompanies the financial statements. With respect to this other information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America; the method of preparing it has not changed from the prior period; and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Eckert & Company, LLP

COUNTY OF MILLS
Annual Financial Report
Year Ended September 30, 2023

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge
and Commissioners' Court
County of Mills
P.O. Box 483
Goldthwaite, TX 76844-0483

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mills, Texas, as of September 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

Basis for Opinions

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

Emphasis of Matters

Basis of Accounting

We draw attention to Section I., Note C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

New Accounting Standard

The County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, described in Note I., K. to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Mills' 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, we:

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

Supplementary Information

The management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information for the Texas County & District Retirement System are presented to supplement the basic financial statements. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mills' basic financial statements. The accompanying other information listed in the table of contents is presented for purposes of additional analysis and is 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 other information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024, on our consideration of the County of Mills' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Mills' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Mills' internal control over financial reporting and compliance.

Eckert & Company, LLP

February 8, 2024

Precinct 1 - Mike Wright
Precinct 2 - Robert Head
Precinct 3 - Dale Partin
Precinct 4 - Jason Williams

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**Commissioners' Court
Mills County Courthouse
P.O. Box 34
Goldthwaite, Texas 76844**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the County of Mills' financial performance provides an overview of the County's financial activities for the year ended September 30, 2023, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditor's report.

Financial Highlights - Modified Cash Basis of Accounting

The County's assets exceeded its liabilities at the end of the current year by \$13,971,711 (net position). Of this amount, \$4,723,622 (unrestricted) is available to meet the County's ongoing obligations.

The County's total net position increased by \$2,020,533 or 17% as a result of current year operations. The County's statement of activities shows total revenues of \$8,255,940 and total expenses of \$6,235,407.

The total fund balance of the General Fund is \$4,372,390, which is an increase of \$1,200,583 or 38% compared to the prior year.

Overview of the Financial Statements

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The statement of net position presents information on all of the County's assets and liabilities resulting from the use of the modified cash basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

The statement of activities presents information showing how the County's net position changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

The governmental activities of the County include public transportation through roads and bridges, justice system, public safety, public health and welfare, culture and recreation, and debt service, as well as general administrative and support services.

The County has no component units.

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

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

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

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, the Road and Bridge Fund, the Law Enforcement Fund, and the American Rescue Plan Act Grant Fund (ARPA), all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund, Interest and Sinking Fund, and Special Revenue Funds.

Fiduciary Funds - Fiduciary funds are used to account for assets which are held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. The County's fiduciary funds are custodial funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis

Net Position - A summary of the County's net position is presented below:

NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	September 30,	
	2023	2022
Current and Other Assets	\$ 4,973,084	\$ 4,487,991
Capital Assets	15,229,962	14,713,722
Total Assets	\$ 20,203,046	\$ 19,201,713
Long-Term Liabilities Outstanding	\$ 6,212,057	\$ 6,468,411
Other Liabilities	19,278	782,124
Total Liabilities	\$ 6,231,335	\$ 7,250,535
Net Position		
Net Investment in Capital Assets	\$ 9,017,905	\$ 8,245,311
Restricted	230,184	286,915
Unrestricted	4,723,622	3,418,952
Total Net Position	\$ 13,971,711	\$ 11,951,178

A portion of the County's net position resulting from modified cash basis transactions (\$9,017,905) reflects the County's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (\$230,184) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,723,622) may be used to meet the County's ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the County's net position resulting from modified cash basis transactions by \$2,020,533 and \$626,305 for the fiscal years ended September 30, 2023 and 2022, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	Year Ended September 30,	
	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 729,318	\$ 805,329
Operating Grants and Contributions	545,812	595,494
Capital Grants and Contributions	678,274	250,400
General Revenues		
Maintenance and Operations Taxes	5,511,693	3,969,344
Debt Service Taxes	492,096	448,772
Investment Earnings	190,975	29,381
Other Revenues	107,772	247,300
Total Revenues	\$ 8,255,940	\$ 6,346,020
Expenses		
General Government	\$ 1,578,788	\$ 971,722
Roads and Bridges	1,542,613	1,188,749
Justice System	296,920	545,461
Public Safety	2,496,918	2,478,524
Public Health and Welfare	56,754	266,047
Culture and Recreation	34,193	31,916
Debt Service	229,221	237,296
Total Expenses	\$ 6,235,407	\$ 5,719,715
Change in Net Position	\$ 2,020,533	\$ 626,305
Net Position - Beginning	11,951,178	11,324,873
Net Position - Ending	\$ 13,971,711	\$ 11,951,178

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. The unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the current year within the limitations of the County's modified cash basis of accounting.

The County's governmental funds reported combined ending fund balances on the modified cash basis of accounting of \$4,953,806, an increase of \$1,247,939 or 34% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$4,372,390. All of this balance is unassigned.

Special Revenue Funds \$553,084. Of this balance \$201,852 is restricted by legislation and \$351,232 is committed to special programs.

Debt Service Fund \$28,332. This balance is restricted for payment of long-term debt principal and interest.

General Fund Budget

The original budget for the General Fund was \$4,466,766, and the final amended budget was \$4,518,586, which represents a \$51,820 increase in appropriations. Variances between the original budget and the final amended budget are shown on page 36 in the supplementary information section of the audit report.

County Budget

The County has adopted a budget, for the County as a whole, for revenues (net of transfers) in the amount of \$7,874,620 for the fiscal year 2024, which is a decrease of \$42,800 from the fiscal year 2023, and a budget for expenditures (net of transfers) in the amount of \$7,796,364 for the fiscal year 2024, which is an increase of \$39,440 from the fiscal year 2023.

Capital Assets and Debt - Modified Cash Basis

Capital Assets - Financial statement footnote III., C. discloses the County's capital asset activity for the year ended September 30, 2023.

Long-Term Debt - Financial statement footnote III., E. discloses the County's debt activity for the year ended September 30, 2023.

Other Information

The County does not necessarily agree with the assumptions used by the TCDRS related to its Defined Benefit Pension Plan but is merely incorporating and attributing these assumptions in the audit report for disclosure to readers of the financial statements.

Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Jett J. Johnson, County Judge, County of Mills, P.O. Box 483, Goldthwaite, TX 76844-0483.

Basic Financial Statements

COUNTY OF MILLS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
SEPTEMBER 30, 2023

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 4,972,095
Due from Others	989
Capital Assets:	
Land	102,869
Buildings and Improvements, Net	12,567,127
Machinery and Equipment, Net	1,307,103
Construction in Progress	1,252,863
Total Assets	20,203,046
LIABILITIES	
Other Payables	1,429
Unearned Revenue	17,849
Noncurrent Liabilities:	
Due Within One Year:	245,000
Due in More Than One Year:	
Bonds Payable	5,967,057
Total Liabilities	6,231,335
NET POSITION	
Net Investment in Capital Assets	9,017,905
Restricted:	
Restricted for Legislation	201,852
Restricted for Debt Service	28,332
Unrestricted	4,723,622
Total Net Position	\$ 13,971,711

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

COUNTY OF MILLS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,578,788	\$ 301,557	\$ 25,740
Roads and Bridges	1,542,613	343,596	47,186
Justice System	296,920	70,446	64,187
Public Safety	2,496,918	13,719	396,553
Public Health and Welfare	56,754	-	12,146
Culture and Recreation	34,193	-	-
Interest on Debt	228,821	-	-
Fiscal Agent's Fees	400	-	-
TOTAL PRIMARY GOVERNMENT	\$ 6,235,407	\$ 729,318	\$ 545,812

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Investment Earnings

Miscellaneous Revenue

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions		Primary Government Governmental	
\$	-	\$	(1,251,491)
	-		(1,151,831)
	-		(162,287)
	-		(2,086,646)
	678,274		633,666
	-		(34,193)
	-		(228,821)
	-		(400)
\$	<u>678,274</u>		<u>(4,282,003)</u>

5,511,693
492,096
190,975
<u>107,772</u>
6,302,536
<u>2,020,533</u>
11,951,178
<u>\$ 13,971,711</u>

COUNTY OF MILLS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund	Law Enforcement Fund
ASSETS			
Cash and Cash Equivalents	\$ 4,372,498	\$ 280,356	\$ 55,981
Due from Others	-	989	-
Total Assets	<u>\$ 4,372,498</u>	<u>\$ 281,345</u>	<u>\$ 55,981</u>
LIABILITIES			
Other Payables	\$ 108	\$ -	\$ 121
Unearned Revenue	-	-	-
Total Liabilities	<u>108</u>	<u>-</u>	<u>121</u>
FUND BALANCES			
Restricted Fund Balance:			
Restricted by Legislation	-	-	-
Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:			
Committed for Law Enforcement	-	-	55,860
Committed for Roads and Bridges	-	281,345	-
Committed for Special Programs	-	-	-
Unassigned Fund Balance	4,372,390	-	-
Total Fund Balances	<u>4,372,390</u>	<u>281,345</u>	<u>55,860</u>
Total Liabilities and Fund Balances	<u>\$ 4,372,498</u>	<u>\$ 281,345</u>	<u>\$ 55,981</u>

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

ARPA Grant Fund	Other Funds	Total Governmental Funds
\$ 17,849	\$ 245,411	\$ 4,972,095
-	-	989
<u>\$ 17,849</u>	<u>\$ 245,411</u>	<u>\$ 4,973,084</u>
\$ -	\$ 1,200	\$ 1,429
17,849	-	17,849
<u>17,849</u>	<u>1,200</u>	<u>19,278</u>
-	201,852	201,852
-	28,332	28,332
-	-	55,860
-	-	281,345
-	14,027	14,027
-	-	4,372,390
-	244,211	4,953,806
<u>\$ 17,849</u>	<u>\$ 245,411</u>	<u>\$ 4,973,084</u>

COUNTY OF MILLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$	4,953,806
Capital assets net of accumulated depreciation used in governmental activities are not reported in governmental funds.		15,229,962
Long-term debt, including unamortized premiums, are not reported in governmental funds.		(6,212,057)
Net Position of Governmental Activities	<u>\$</u>	<u>13,971,711</u>

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

COUNTY OF MILLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund	Law Enforcement Fund
REVENUES:			
Taxes	\$ 4,554,343	\$ 957,350	\$ -
Fees	159,672	343,596	-
Fines	160,908	-	-
Intergovernmental	67,740	47,186	395,103
Investment Earnings	189,451	416	-
Miscellaneous	20,299	36,054	39,444
Total Revenues	5,152,413	1,384,602	434,547
EXPENDITURES:			
Current:			
General Government	1,561,133	-	-
Roads and Bridges	-	1,337,094	-
Justice System	423,691	-	-
Public Safety	278,415	-	1,903,365
Public Health and Welfare	10,691	-	-
Culture and Recreation	-	-	-
Debt Service:			
Principal on Debt	-	-	-
Interest on Debt	-	-	-
Fiscal Agent's Fees	-	-	-
Total Expenditures	2,273,930	1,337,094	1,903,365
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,878,483	47,508	(1,468,818)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	40,000	1,495,000
Transfers Out (Use)	(1,677,900)	-	-
Total Other Financing Sources (Uses)	(1,677,900)	40,000	1,495,000
Net Change in Fund Balances	1,200,583	87,508	26,182
Fund Balance - October 1 (Beginning)	3,171,807	193,837	29,678
Fund Balance - September 30 (Ending)	\$ 4,372,390	\$ 281,345	\$ 55,860

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

ARPA Grant Fund	Other Funds	Total Governmental Funds
\$ -	\$ 492,096	\$ 6,003,789
-	65,142	568,410
-	-	160,908
678,274	35,783	1,224,086
-	1,108	190,975
-	22,481	118,278
<u>678,274</u>	<u>616,610</u>	<u>8,266,446</u>
-	110,751	1,671,884
-	-	1,337,094
-	145,763	569,454
-	30,132	2,211,912
678,274	32,669	721,634
-	20,954	20,954
-	235,000	235,000
-	250,175	250,175
-	400	400
<u>678,274</u>	<u>825,844</u>	<u>7,018,507</u>
-	(209,234)	1,247,939
-	142,900	1,677,900
-	-	(1,677,900)
-	142,900	-
-	(66,334)	1,247,939
-	310,545	3,705,867
<u>\$ -</u>	<u>\$ 244,211</u>	<u>\$ 4,953,806</u>

COUNTY OF MILLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
& CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	1,247,939
Capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements.		1,204,583
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources.		(677,837)
The remaining basis of capital assets disposed of in the current year results in a decrease in net position.		(10,506)
Long-term debt principal payments are expenditures in governmental funds but are shown as reductions in long-term debt in the government-wide financial statements.		235,000
Amortization of bond premium is not recorded in the governmental funds but is shown as a reduction in long-term debt in the government-wide financial statements.		21,354
Change in Net Position of Governmental Activities	\$	2,020,533

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

COUNTY OF MILLS
 STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2023

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 116,939
Restricted Assets	142,187
Total Assets	259,126
LIABILITIES	
Due to State	95,350
Due to Others	21,761
Total Liabilities	117,111
NET POSITION	
Restricted for Custodial Purposes	142,015
Total Net Position	\$ 142,015

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

COUNTY OF MILLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds
<hr/>	
ADDITIONS:	
Fines and Fees Collections	\$ 2,173,721
Bond and Registry Accounts	44,060
Commissary Deposits	130,978
Investment Earnings	268
Total Additions	2,349,027
DEDUCTIONS:	
Fines and Fees Remittances	2,173,817
Bond and Registry Accounts	101,961
Commissary - Inmate Funds Released	29,877
Commissary - Sales Tax	3,135
Commissary - Supplies	76,576
Commissary - Telephone	21,390
Other Remittances	172
Total Deductions	2,406,928
Net Change in Fiduciary Net Position	(57,901)
Total Net Position - October 1 (Beginning)	199,916
Total Net Position - September 30 (Ending)	\$ 142,015

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

COUNTY OF MILLS
Notes to the Financial Statements
September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Mills, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

A. Reporting Entity

The County of Mills, Texas, was organized by an Act of the Texas Legislature in 1887. The County is governed by the Commissioners' Court, a five-member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, justice system, public safety, public health and welfare, culture and recreation, and debt service, as well as general administrative and support services. There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions - payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

Basis of Accounting

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

General Fund - This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund - This Fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

Law Enforcement Fund - This Fund is a special revenue fund and is used to account for revenues for the County's law enforcement activities.

American Rescue Plan Act Grant Fund (ARPA) - This fund is a special revenue fund and is used to provide relief funds to state, local, and tribal governments that have been negatively impacted by the Coronavirus pandemic.

Additionally, the government reports the following fund types:

Debt Service Fund - This Fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Special Revenue Funds - These Funds account for resources restricted to, or committed for, specific purposes by the County or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds account for assets held by the County in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the County's own programs.

The County has the following Fiduciary Funds:

Custodial Funds - These Funds are used to account for assets which are held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds.

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

E. Capital Assets

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-40
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified cash basis transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

F. Restricted Assets

Restricted assets consist of cash held by the County in a custodial capacity for custodial purposes.

G. Long-Term Debt

Long-term debt arising from modified cash basis transactions to be repaid from governmental resources is reported as liabilities in the government-wide financial statements.

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

H. Compensated Absences

County employees are entitled to vacation and sick leave based on their length of employment. Vacation does not accumulate or vest. Employees may accumulate up to 320 hours of sick leave. Employees are not paid for unused sick leave upon separation from service. Employees are paid only for the current year's unused vacation, not to exceed 80 hours, and provided proper notice was given, they are not under disciplinary action or suspension, and they have been a fulltime employee a minimum of 12 months.

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets- This component of net position represents the difference between capital assets net of accumulated depreciation and the outstanding balance of debt, excluding any unspent debt proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Legislation - This component of net position represents the difference between assets and liabilities of certain Special Revenue Funds that consists of assets with constraints placed on their use by state legislation.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - This is the difference between assets and liabilities that is not reported as Net Investment in Capital Assets, Restricted for Legislation, or Restricted for Debt Service.

J. Fund Balances

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Commissioners' Court, the County's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Commissioners' Court.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners' Court has provided otherwise in its commitment or assignment actions.

Restricted net position for custodial purposes represents the net position available in the custodial funds for distribution to individuals, private organizations, and other governments.

K. Implementation of New Accounting Standard

The County implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The County determined there was no impact upon its financial position, results of operations, or cash flows upon adoption.

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Property Tax Revenues

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

Property taxes are recognized as revenues when they are collected.

Taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy.

M. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund, Special Revenue Funds, and Interest and Sinking Fund are adopted on a modified cash basis and cover a one-year period. Appropriations lapse at year end.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the County's name.

Concentration of Credit Risk: The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The County is not exposed to this risk as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2023, the County was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

At September 30, 2023, the County's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
TexPool	<u>\$ 4,264,513</u>	<u>100%</u>	23 Days	AAAm

B. Transfers

Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Road and Bridge Fund	\$ 40,000	To Cover Fund Deficit
General Fund	Law Enforcement Fund	1,495,000	To Cover Fund Deficit
General Fund	Nonmajor Governmental Funds	<u>142,900</u>	To Cover Fund Deficit
Total		<u>\$ 1,677,900</u>	

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets					
Land	\$ 102,869	\$ 0	\$ 0	\$ 0	\$ 102,869
Buildings and Improvements	17,505,365	0	0	0	17,505,365
Machinery and Equipment	3,220,730	256,729	27,997	0	3,449,462
Construction in Progress	305,009	947,854	0	0	1,252,863
Total Capital Assets	\$ 21,133,973	\$ 1,204,583	\$ 27,997	\$ 0	\$ 22,310,559
Less Accumulated Depreciation					
Buildings and Improvements	\$ (4,500,972)	\$ (437,266)	\$ 0	\$ 0	\$ (4,938,238)
Machinery and Equipment	(1,919,279)	(240,571)	(17,491)	0	(2,142,359)
Total Accumulated Depreciation	\$ (6,420,251)	\$ (677,837)	\$ (17,491)	\$ 0	\$ (7,080,597)
Governmental Activities Capital Assets, Net	\$ 14,713,722	\$ 526,746	\$ 10,506	\$ 0	\$ 15,229,962

Depreciation expense was charged to governmental activities functions as follows:

General Government	\$ 174,073
Roads and Bridges	205,519
Public Safety	285,006
Culture and Recreation	13,239
Total	\$ 677,837

D. Unearned Revenue

Unearned revenue at year end consisted of the following:

ARPA Grant Fund	<u>\$ 17,849</u>
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COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

E. Long-Term Debt

The County's long-term liabilities consist of bonded indebtedness and bond premium/discount. The current requirements for limited tax bonds principal and interest are accounted for in the Interest and Sinking Fund.

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Limited Tax Bonds	\$ 6,100,000	\$ 0	\$ 235,000	\$ 5,865,000	\$ 245,000
Bond Premium (Net)	<u>368,411</u>	<u>0</u>	<u>21,354</u>	<u>347,057</u>	<u>-</u>
Totals	<u>\$ 6,468,411</u>	<u>\$ 0</u>	<u>\$ 256,354</u>	<u>\$ 6,212,057</u>	<u>\$ 245,000</u>

The County's outstanding bond issue, which is payable from the Interest and Sinking Fund, is as follows:

<u>Series</u>	<u>Tax Bonds Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount Issued</u>	<u>Amount Outstanding September 30, 2023</u>
2015	Limited Tax Bonds	2.0%-4.5%	2040	<u>\$ 6,850,000</u>	<u>\$ 5,865,000</u>

The annual debt service requirements are as follows:

Year Ending September 30,	<u>Limited Tax Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 245,000	\$ 240,575	\$ 485,575
2025	255,000	230,575	485,575
2026	265,000	220,175	485,175
2027	275,000	209,375	484,375
2028	285,000	198,175	483,175
2029-2033	1,620,000	805,375	2,425,375
2034-2038	1,990,000	437,238	2,427,238
2039-2040	<u>930,000</u>	<u>42,300</u>	<u>972,300</u>
Totals	<u>\$ 5,865,000</u>	<u>\$ 2,383,788</u>	<u>\$ 8,248,788</u>

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description - The County provides retirement, disability, and death benefits through a nontraditional defined benefit pension plan in the statewide, Texas County & District Retirement System (TCDRS). All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year, employees in a temporary position are not eligible for membership. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

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

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

Funding Policy - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. However, the governing body chose to contribute at an elected rate in both 2022 and 2023 that exceeded the actuarially determined rate as allowed by the provisions of the TCDRS Act. The rate contributed for the months of the accounting year in 2022 was 13.73% and was 14.00% for the months of the accounting year in 2023.

The deposit rate payable by the employee members for calendar year 2023 is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Assumptions - All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2022 funding valuation, except as noted below and throughout this report. Please see the County's December 31, 2022 Summary Valuation Report for further details.

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Following are the key assumptions and methods used in this GASB analysis:

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.
Actuarial Cost Method	Entry Age (Level Percent of Pay)
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	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	4.7%
Investment Rate of Return	7.6% (Gross of Administrative Expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at various rates based upon age and gender. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on 135% for males and 120% for females of the gender-distinct Pub-2010 General Employees Amount-Weighted Mortality Table. Service retirees, beneficiaries, and non-depositing members are based on 135% for males and 120% for females of the Pub-2010 General Retirees Amount-Weighted Mortality Table. Disabled retirees are based on 160% for males and 125% for females of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table. All of the rates are projected with 100% of the MP-2021 Ultimate scale after 2010.

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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

Note the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at its March 2022 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

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

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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

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

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

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

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

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

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

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

Changes in Net Pension Liability (Asset) - The following presents the increases (decreases) in net pension liability (asset) of the County of Mills:

<u>Changes in Net Pension Liability (Asset)</u>	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance as of December 31, 2021	\$ 8,634,657	\$ 9,122,950	\$ (488,293)
Changes for the Year:			
Service Cost	\$ 299,317	\$ 0	\$ 299,317
Interest on Total Pension Liability	660,104	0	660,104
Effect of Plan Changes	0	0	0
Effect of Economic/Demographic Gains or Losses	(13,877)	0	(13,877)
Effect of Assumptions Changes or Inputs	0	0	0
Refund of Contributions	(34,544)	(34,544)	0
Benefit Payments	(471,508)	(471,508)	0
Administrative Expenses	0	(4,999)	4,999
Member Contributions	0	149,701	(149,701)
Net Investment Income (Loss)	0	(529,962)	529,962
Employer Contributions	0	299,599	(299,599)
Other	0	(366)	366
Net Changes	<u>\$ 439,492</u>	<u>\$ (592,079)</u>	<u>\$ 1,031,571</u>
Balance as of December 31, 2022	<u>\$ 9,074,149</u>	<u>\$ 8,530,871</u>	<u>\$ 543,278</u>

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Sensitivity Analysis - The following presents the net pension liability (asset) of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	1% Decrease in Discount Rate (6.6%)	Current Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
Total Pension Liability	\$ 10,265,214	\$ 9,074,149	\$ 8,085,090
Fiduciary Net Position	8,530,871	8,530,871	8,530,871
Net Pension Liability (Asset)	\$ 1,734,343	\$ 543,278	\$ (445,781)

Pension Expense (Income) - The following presents the components of pension expense (income):

<u>Pension Expense (Income)</u>	<u>January 1, 2022 to December 31, 2022</u>
Service Cost	\$ 299,317
Interest on Total Pension Liability	660,104
Effect of Plan Changes	0
Administrative Expenses	4,999
Member Contributions	(149,701)
Expected Investment Return Net of Investment Expenses	(691,027)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	(36,948)
Recognition of Assumption Changes or Inputs	132,051
Recognition of Investment Gains or Losses	19,254
Other	366
Total Pension Expense (Income)	\$ 238,415

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Deferred Outflows/Deferred Inflows of Resources -As of September 30, 2023, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 28,562	\$ 9,251
Changes in Assumptions	-	15,429
Net Differences Between Projected and Actual Earnings	170,260	-
Contributions Made Subsequent to Measurement Date	242,325	-
Totals	\$ 441,147	\$ 24,680

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

Year Ending September 30,	Pension Expense Amount
2023	\$ (91,996)
2024	(6,924)
2025	28,866
2026	244,196
2027	0
Thereafter	0

B. Other Benefits

Plan Description - The County participates in a cost-sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The County has not elected to cover retired employees.

The GTLF is a separate trust administered by the TCDRS' Board of Trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

Funding Policy - Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County's contributions to the GTLF for the years ended September 30, 2023, 2022, and 2021, were \$4,191, \$5,245, and \$5,419, respectively, which equaled the contractually required contributions each year.

COUNTY OF MILLS
Notes to the Financial Statements - Continued
September 30, 2023

IV. OTHER INFORMATION - Continued

C. Self-Insurance

The County has coverage through the Texas Association of Counties Risk Management Pool for workers' compensation, employer's liability, and property and casualty coverage.

D. Tax Abatements

The County has entered into contractual agreements with property owners in which the County has agreed to reduce the amount of ad valorem taxes payable on certain improvements constructed after the date the agreements were reached in accordance with Chapter 312 of the State of Texas Tax Code. The terms of the agreements are limited by the guidelines and criteria established by the County Commissioners. At September 30, 2023, the County had established abatement agreements with the following property owners:

Property Owner	Date of Abatement Agreement	First Year of Abatement	Final Year of Abatement	2022 Appraised Values	2022 Taxable Values	2022 Abated Values	2022 Taxes Levied	2022 Taxes Abated
Goldthwaite Wind Energy, LLC	12/12/2011	2014	2023	\$ 59,123,110	\$ 35,473,866	\$ 23,649,244	\$ 215,007	\$ 143,338
Flat Top Wind I, LLC	12/14/2015	2019	2028	132,234,620	52,893,848	79,340,772	320,590	480,884

During fiscal year 2023, the total amount of abated property value was \$102,990,016. Based on the county tax rate of \$0.6061 per \$100 of value, the foregone tax levy due to abatement agreements was \$624,222.

E. Emergency Medical Services Agreement

On February 19, 2019, the County Commissioners approved an interlocal government contract with The Hamilton County Hospital District whereby said Hospital District will provide emergency medical services for the residents of Mills County for a period of fifty-seven months beginning January 1, 2019. The initial term ended September 30, 2023, and the agreement automatically renewed for an additional five years under the same terms and conditions beginning October 1, 2023. The interlocal agreement's fee schedule is as follows:

<u>Year Ending September 30,</u>	<u>Fee Schedule</u>
2024	\$ 250,000
2025	250,000
2026	250,000
2027	250,000
2028	250,000

During the fiscal year ended September 30, 2023, \$250,000 was recorded as an expenditure.

F. Subsequent Events

Management has evaluated the impact of all subsequent events on the County through February 8, 2024, the date of the financial statements issuance and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

Supplementary Information

COUNTY OF MILLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 4,561,926	\$ 4,561,926	\$ 4,554,343	\$ (7,583)
Fees	366,000	366,000	159,672	(206,328)
Fines	185,500	185,500	160,908	(24,592)
Intergovernmental	94,200	94,200	67,740	(26,460)
Investment Earnings	40,010	40,010	189,451	149,441
Miscellaneous	160,500	160,500	20,299	(140,201)
Total Revenues	5,408,136	5,408,136	5,152,413	(255,723)
EXPENDITURES:				
Current:				
General Government	1,775,764	1,814,252	1,561,133	253,119
Justice System	444,526	454,580	423,691	30,889
Public Safety	445,126	445,304	278,415	166,889
Public Health and Welfare	11,100	14,200	10,691	3,509
Total Expenditures	2,676,516	2,728,336	2,273,930	454,406
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,731,620	2,679,800	2,878,483	198,683
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	(1,790,250)	(1,790,250)	(1,677,900)	112,350
Total Other Financing Sources (Uses)	(1,790,250)	(1,790,250)	(1,677,900)	112,350
Net Change	941,370	889,550	1,200,583	311,033
Fund Balance - October 1 (Beginning)	3,171,807	3,171,807	3,171,807	-
Fund Balance - September 30 (Ending)	\$ 4,113,177	\$ 4,061,357	\$ 4,372,390	\$ 311,033

COUNTY OF MILLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 957,729	\$ 957,729	\$ 957,350	\$ (379)
Fees	327,800	327,800	343,596	15,796
Intergovernmental	47,200	47,200	47,186	(14)
Investment Earnings	1,000	1,000	416	(584)
Miscellaneous	8,000	8,000	36,054	28,054
Total Revenues	<u>1,341,729</u>	<u>1,341,729</u>	<u>1,384,602</u>	<u>42,873</u>
EXPENDITURES:				
Roads and Bridges:				
Precinct Number One	332,527	332,527	256,764	75,763
Precinct Number Two	310,252	310,252	289,841	20,411
Precinct Number Three	367,952	367,952	346,084	21,868
Precinct Number Four	354,152	354,262	333,367	20,895
Road and Bridge Special	157,500	124,225	111,038	13,187
Total Expenditures	<u>1,522,383</u>	<u>1,489,218</u>	<u>1,337,094</u>	<u>152,124</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(180,654)</u>	<u>(147,489)</u>	<u>47,508</u>	<u>194,997</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	198,100	198,100	40,000	(158,100)
Total Other Financing Sources (Uses)	<u>198,100</u>	<u>198,100</u>	<u>40,000</u>	<u>(158,100)</u>
Change in Fund Balance	17,446	50,611	87,508	36,897
Fund Balance - October 1 (Beginning)	<u>193,837</u>	<u>193,837</u>	<u>193,837</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 211,283</u>	<u>\$ 244,448</u>	<u>\$ 281,345</u>	<u>\$ 36,897</u>

COUNTY OF MILLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL - LAW ENFORCEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 526,000	\$ 526,000	\$ 395,103	\$ (130,897)
Miscellaneous	8,750	8,750	39,444	30,694
Total Revenues	<u>534,750</u>	<u>534,750</u>	<u>434,547</u>	<u>(100,203)</u>
EXPENDITURES:				
Public Safety	2,039,616	2,071,616	1,903,365	168,251
Total Expenditures	<u>2,039,616</u>	<u>2,071,616</u>	<u>1,903,365</u>	<u>168,251</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,504,866)</u>	<u>(1,536,866)</u>	<u>(1,468,818)</u>	<u>68,048</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,495,000	1,495,000	1,495,000	-
Total Other Financing Sources (Uses)	<u>1,495,000</u>	<u>1,495,000</u>	<u>1,495,000</u>	<u>-</u>
Change in Fund Balance	(9,866)	(41,866)	26,182	68,048
Fund Balance - October 1 (Beginning)	<u>29,678</u>	<u>29,678</u>	<u>29,678</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 19,812</u>	<u>\$ (12,188)</u>	<u>\$ 55,860</u>	<u>\$ 68,048</u>

COUNTY OF MILLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL - INTEREST AND SINKING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 485,575	\$ 485,575	\$ 492,096	\$ 6,521
Investment Earnings	150	150	632	482
Total Revenues	485,725	485,725	492,728	7,003
EXPENDITURES:				
Debt Service:				
Principal on Debt	235,000	235,000	235,000	-
Interest on Debt	250,175	250,175	250,175	-
Fiscal Agent's Fees	400	400	400	-
Total Expenditures	485,575	485,575	485,575	-
Change in Fund Balance	150	150	7,153	7,003
Fund Balance - October 1 (Beginning)	21,179	21,179	21,179	-
Fund Balance - September 30 (Ending)	\$ 21,329	\$ 21,329	\$ 28,332	\$ 7,003

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 299,317	\$ 277,692	\$ 285,230
Interest (on the Total Pension Liability)	660,104	623,543	608,228
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(13,877)	85,688	(182,652)
Changes of Assumptions	-	(46,290)	442,445
Benefit Payments, Including Refunds of Employee Contributions	(506,052)	(457,209)	(442,937)
Net Change in Total Pension Liability	\$ 439,492	\$ 483,424	\$ 710,314
Total Pension Liability - Beginning	8,634,657	8,151,233	7,440,919
Total Pension Liability - Ending	\$ 9,074,149	\$ 8,634,657	\$ 8,151,233
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 299,599	\$ 283,298	\$ 242,829
Contributions - Employee	149,701	144,435	138,195
Net Investment Income	(529,962)	1,646,179	709,489
Benefit Payments, Including Refunds of Employee Contributions	(506,052)	(457,209)	(442,937)
Administrative Expense	(4,999)	(4,936)	(5,495)
Other	(366)	1,233	(1,151)
Net Change in Plan Fiduciary Net Position	\$ (592,079)	\$ 1,613,000	\$ 640,930
Plan Fiduciary Net Position - Beginning	9,122,950	7,509,950	6,869,020
Plan Fiduciary Net Position - Ending	\$ 8,530,871	\$ 9,122,950	\$ 7,509,950
C. Net Pension Liability (Asset)	\$ 543,278	\$ (488,293)	\$ 641,283
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.01%	105.66%	92.13%
E. Covered Payroll	\$ 2,139,990	\$ 2,063,351	\$ 1,974,217
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	25.39%	(23.67%)	32.48%

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

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

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	247,295	\$	255,083	\$	252,747	\$	223,432	\$	230,066	\$	224,001
	563,821		527,092		488,747		455,587		442,558		408,005
	-		-		-		25,648		(30,437)		-
	98,227		27,698		10,003		(113,998)		(215,193)		70,178
	-		-		40,966		-		66,557		-
	(356,811)		(340,783)		(302,780)		(320,705)		(327,762)		(266,028)
\$	552,532	\$	469,090	\$	489,683	\$	269,964	\$	165,789	\$	436,156
	6,888,387		6,419,297		5,929,614		5,659,650		5,493,861		5,057,705
\$	7,440,919	\$	6,888,387	\$	6,419,297	\$	5,929,614	\$	5,659,650	\$	5,493,861
\$	224,232	\$	216,549	\$	230,209	\$	222,275	\$	171,946	\$	195,672
	136,489		130,339		125,994		113,280		100,806		113,012
	968,944		(111,898)		759,828		358,262		(1,323)		315,301
	(356,811)		(340,783)		(302,780)		(320,705)		(327,762)		(266,027)
	(5,234)		(4,739)		(3,997)		(3,897)		(3,515)		(3,646)
	1,091		786		1,197		(19,498)		(15,631)		26,767
\$	968,711	\$	(109,746)	\$	810,451	\$	349,717	\$	(75,479)	\$	381,079
	5,900,309		6,010,055		5,199,604		4,849,887		4,925,366		4,544,287
\$	6,869,020	\$	5,900,309	\$	6,010,055	\$	5,199,604	\$	4,849,887	\$	4,925,366
\$	571,899	\$	988,078	\$	409,242	\$	730,010	\$	809,763	\$	568,495
	92.31%		85.66%		93.62%		87.69%		85.69%		89.65%
\$	1,949,844	\$	1,861,990	\$	1,799,913	\$	1,618,287	\$	1,440,086	\$	1,614,455
	29.33%		53.07%		22.74%		45.11%		56.23%		35.21%

COUNTY OF MILLS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2023

	2023	2022	2021
Actuarially Determined Contribution	\$ 317,244	\$ 295,528	\$ 271,167
Contributions in Relation to the Actuarially Determined Contributions	(317,244)	(295,528)	(271,167)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,266,027	\$ 2,120,867	\$ 2,024,712
Contributions as a Percentage of Covered Employee Payroll	14.00%	13.93%	13.39%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

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

	2020	2019	2018	2017	2016	2015	2014
\$	249,368	\$ 219,314	\$ 220,056	\$ 223,763	\$ 187,916	\$ 179,507	\$ 189,526
	(249,368)	(219,314)	(220,056)	(223,763)	(187,916)	(179,507)	(189,526)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	2,064,292	\$ 1,901,211	\$ 1,842,349	\$ 1,773,152	\$ 1,553,636	\$ 1,496,408	\$ 1,580,431
	12.08%	11.54%	11.94%	12.62%	12.10%	12.00%	12.00%

COUNTY OF MILLS
Notes to the Supplementary Information
September 30, 2023

Note A - Net Pension Liability

Following are the key assumptions and methods used in this GASB analysis:

Valuation Date	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (Level Percent of Pay)
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	0.0 Years (Based on Contribution Rate Calculated in December 31, 2022 Valuation)
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.5%
Salary Increases	Varies by Age and Service - 4.7% Average Over Career Including Inflation
Investment Rate of Return	7.5%, 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% for males and 120% for females of the Pub-2010 General Retirees Table, both projected with 100% of the MP-2021 Ultimate scale for 2010
Changes in Assumptions and Methods Reflected in the Schedule of Employer	2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2022: No changes in plan provisions were reflected in the Schedule.

Other Information

COUNTY OF MILLS
SCHEDULE OF CERTIFICATES OF DEPOSIT
SEPTEMBER 30, 2023

<u>Description</u>	<u>Identifying Number</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>GOVERNMENTAL FUNDS</u>				
Certificates of Deposit				
Road and Bridge Fund				
Mills County State Bank	165636	0.90	4/6/24	\$ 103,751
Indigent Health Fund				
Mills County State Bank	165870	0.85	3/1/24	<u>51,474</u>
Total Governmental Funds				<u>\$ 155,225</u>
<u>FIDUCIARY FUNDS</u>				
Certificates of Deposit				
County and District Clerk				
Mills County State Bank	162377	1.05	11/23/23	\$ 13,410
Mills County State Bank	163485	0.70	8/4/24	3,349
Mills County State Bank	164256	1.05	4/21/24	29,830
Mills County State Bank	164257	1.05	4/21/24	23,560
Mills County State Bank	165878	0.90	11/17/23	<u>640,437</u>
Total Fiduciary Funds				<u>\$ 710,586</u>

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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

The Honorable County Judge
and Commissioners' Court
County of Mills
P.O. Box 483
Goldthwaite, TX 76844-0483

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Mills, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 8, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The Honorable County Judge
and Commissioners' Court
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Purpose of This Report

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

Eckert & Company, LLP

February 8, 2024