

HARRISON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024**

HARRISON COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2024

Page Number

FINANCIAL SECTION

Independent Auditor's Report.....	1 – 3
Management's Discussion and Analysis.....	4 – 12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15 – 16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18 – 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	21 – 22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Fund	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Air Port Maintenance Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – County Grant Fund	25
Statement of Net Position – Proprietary Fund	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund.....	27
Statement of Cash Flows – Proprietary Fund	28
Statement of Net Position – Fiduciary Funds.....	29
Statement of Changes in Net Position – Fiduciary Funds.....	30
Notes to Financial Statements	31 – 51

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios.....	52 – 53
Schedule of Pension Contributions	54
Notes to Schedule of Employer Contributions.....	55
Schedule of Changes in Net OPEB Liability and related ratios – Retiree Health Benefit Plan	56 – 57

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds	58 – 61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	62 – 65
Combining Statement of Fiduciary Net Position – Custodial Funds	66 – 67
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds.....	68 – 69

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	70 – 71
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the <i>Uniform Guidance</i> and State of Texas <i>Uniform Grant Management Standards</i>	72 – 74
Schedule of Expenditures of Federal Awards.....	75
Schedule of Expenditures of State Awards	76
Notes to Schedule of Expenditures of Federal and State Awards	77
Schedule of Findings and Questioned Costs.....	78
Summary Schedule of Prior Audit Findings	79



INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and County Commissioners
Harrison County, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrison County, Texas' basic financial statements. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025 on our consideration of Harrison County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harrison County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harrison County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 17, 2025

THIS PAGE LEFT BLANK INTENTIONALLY

Management's Discussion and Analysis

As Management of Harrison County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2024. This information is not intended to be a complete statement of the County's financial condition. We recommend and encourage readers to consider the information presented here in conjunction with the accompanying financial statements and disclosures.

FINANCIAL HIGHLIGHTS

- The County's net position, as indicated in the government-wide financial statements, is \$43,836,424. This is an increase of \$10,230,630 or 30.4% compared to the prior year. The increase was primarily caused by an increase in property tax revenues.
- Total net position are comprised of: 1) net investment in capital assets, of \$24,254,632, including property and equipment, net of accumulated depreciation; 2) amounts restricted by grantors or statute of \$4,405,445; and 3) the County's unrestricted net position at year-end, which is a positive balance of \$15,176,347
- Total governmental long-term debt of the County decreased by \$421,862 due to scheduled payments exceeding the issuance of new leases and SBITAs.
- The unassigned fund balance in the General Fund, as shown in the fund financial statements, is \$12,468,124 or 44.9% of General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the County as a whole and present a long-term view of the County's finances. For governmental activities, these statements show how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also compare actual revenue collection and expenditures to budget. Notes to the financial statements are included to provide additional financial information.

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, deferred outflows/inflows of resources and liabilities, with the difference 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. This statement combines and consolidates governmental fund current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the County's property tax base and the condition of the County's assets.

The Statement of Activities presents information showing how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used compensated absences). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

Fund Financial Statements

Funds are established to account for money designated for specific purposes by the Commissioners' Court or by grantors such as the State of Texas. The fund financial statements differ from the government-wide statements in that they focus on significant funds rather than the County as a whole. Major funds are presented separately. The basic funds are classified by type and each type used by the County is described in the following paragraphs:

- **Governmental funds** – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information shows the amount of financial resources available in the near future to finance County programs.

In addition to the major governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances, budgetary comparison statements are included for the General Fund and major Special Revenue Funds. These schedules compare actual revenue and expenditures with adopted and amended budgets.

- **Proprietary funds** – When the County charges customers for the full cost of the services provided to County units or to outside third parties, the services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The County uses Internal Service Funds (the other component of proprietary funds) to report activities that provide supplies and services for the County's other programs and activities. The County has one Internal Service Fund that reports the activities of the County's self-funded health insurance program.

Notes to the Financial Statements

The notes, presented immediately following the basic financial statements, provide additional information to facilitate the understanding of the government-wide and fund financial statements. The notes explain accounting policies and disclose additional information concerning capital assets, long-term liabilities and the County's retirement plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County as a Whole

Our analysis of the County as a whole focuses on net position and changes in net position. The Statement of Activities reports annual expenses by major function along with the charges for services and grant proceeds available to support each function. This presentation shows the cost of services that must be offset by general revenues such as property taxes.

The Summary of Net Position, shown below, lists assets in the order of liquidity, beginning with cash and ending with capital assets. Current assets include cash and other assets expected to be converted to cash within the next fiscal year. These include amounts due from other governments, receivables net of allowances for doubtful accounts, and prepaid expenditures. For property taxes receivable, the County has historically noted a collection rate of approximately 98.0 percent. Total land, buildings, infrastructure, equipment, and improvements are \$29,293,668. This amount is net of accumulated depreciation of \$25,491,529. Capital asset balances have continued to decrease as depreciation accumulates in excess of new purchases. Because these decreases represent the continued use of limited-life assets, future outlays will be necessary to replace assets as they are retired.

Liabilities are reported by current (payable in one year) and long-term classifications. Current liabilities include accounts payable, wages payable, and the portion of long-term liabilities due within the next year. Net position at year-end are \$43,836,424; a total of \$4,405,445 is restricted for specific purposes, as required by state law or grantor requirements; \$24,254,632 represents the County's net investment in capital assets, and \$15,176,347 is unrestricted net position that is available for funding general operations. Unrestricted net position increased by \$3,887,792, total assets increased \$6,244,201, and total net position increased by \$10,230,630. The County also has deferred outflows in the amount of \$2,630,955 and deferred inflows in the amount of \$2,430,221, both of which are exclusively related to pensions and OPEB.

HARRISON COUNTY'S NET POSITION

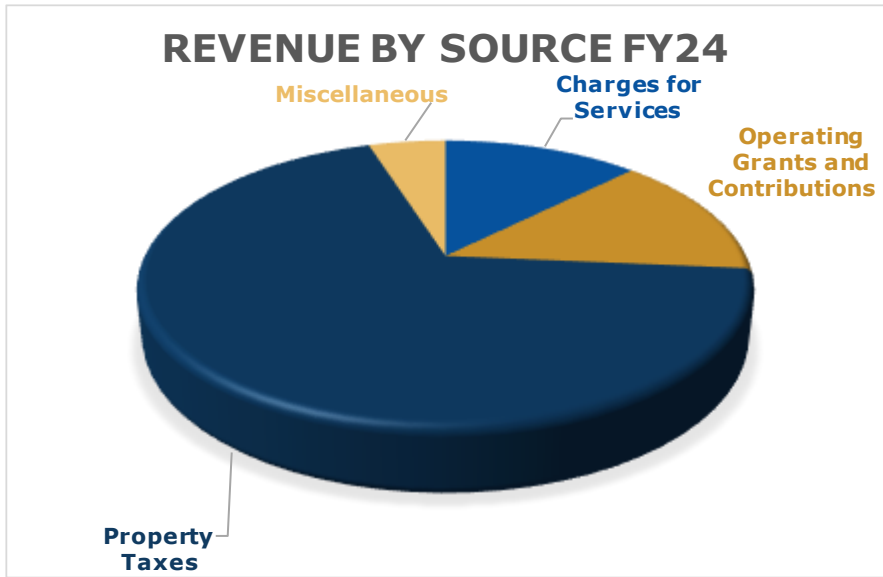
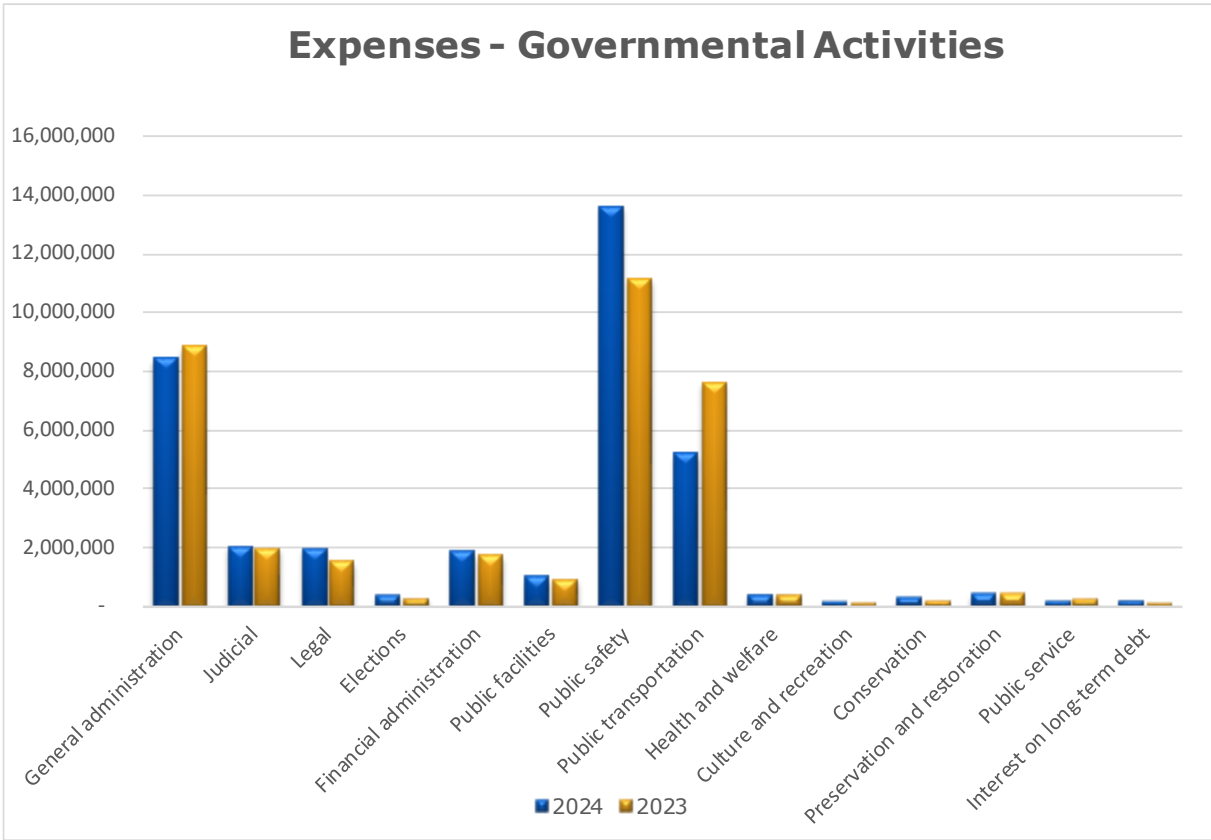
	Governmental Activities	
	2024	2023
Current and other assets	\$ 35,182,007	\$ 33,323,928
Capital assets	29,293,668	24,907,546
Total assets	<u>64,475,675</u>	<u>58,231,474</u>
Deferred outflows of resources	<u>2,630,955</u>	<u>4,385,935</u>
Current liabilities	4,399,368	5,926,072
Noncurrent liabilities	16,440,617	19,034,159
Total liabilities	<u>20,839,985</u>	<u>24,960,231</u>
Deferred inflows of resources	<u>2,430,221</u>	<u>4,051,384</u>
Net position:		
Net investment in capital assets	24,254,632	19,363,924
Restricted	4,405,445	2,953,315
Unrestricted	<u>15,176,347</u>	<u>11,288,555</u>
Total net position	<u>\$ 43,836,424</u>	<u>\$ 33,605,794</u>

Revenues and expenses can be generally categorized by the function performing the activity. General revenues are available to cover the expenses of activities that do not generate sufficient program revenues. Total revenue for governmental activities was \$46,227,982. Total governmental expenses were \$35,997,352 resulting in an increase in net position of \$10,230,630. More details about the increase are discussed in the Financial Analysis of the County Funds.

HARRISON COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2024	2023
Revenues:		
Program revenues:		
Charges for services	\$ 5,552,774	\$ 5,515,620
Operating grants and contributions	6,196,528	6,361,455
General revenues:		
Property taxes	30,608,869	27,182,933
Investment earnings	1,823,966	1,049,913
Gain on sale of assets	1,734,228	41,998
Miscellaneous	311,617	525,887
Total revenues	<u>46,227,982</u>	<u>40,677,806</u>
Expenses:		
General administration	8,446,146	8,838,268
Judicial	2,010,181	1,944,915
Legal	1,945,111	1,527,788
Elections	385,984	261,440
Financial administration	1,835,098	1,712,249
Public facilities	993,469	910,067
Public safety	13,616,150	11,127,720
Public transportation	5,160,461	7,603,606
Health and welfare	398,269	373,300
Culture and recreation	144,108	122,370
Conservation	294,089	179,209
Preservation and restoration	406,616	406,616
Public service	170,000	226,535
Interest on long-term debt	191,670	103,349
Total expenses	<u>35,997,352</u>	<u>35,337,432</u>
Change in net position	10,230,630	5,340,374
Net position - beginning	<u>33,605,794</u>	<u>28,265,420</u>
Net position - ending	<u>\$ 43,836,424</u>	<u>\$ 33,605,794</u>

Revenues and expenses for governmental activities are compared below showing the relation between the cost of services and the revenue generated from users of the service. This table also shows how much general revenue (property taxes) and grants are needed to provide each service. Over the last several years, the County has seen property tax collections at 98.0% expected collection rate with revenue being flat or slightly lower over the past several years. The service provided by the courts' and clerks' offices in the County are funded partially by revenue generated by fines and fees assessed by the courts. The County operates a collection department that focuses on maximizing the collection of the fines and fees that are assessed by the courts.



HARRISON COUNTY'S GOVERNMENTAL ACTIVITIES

	Charges for Services 2024	% of Total	Functional Expenses 2024	Percent of Total	Funded by Other Revenues	
					Amount	Percent
General administration	\$ 2,267,122	4.9%	\$ 8,446,146	23.5%	\$ (6,179,024)	(73.2%)
Judicial	1,207,193	2.6%	2,010,181	5.6%	(802,988)	(39.9%)
Legal	193,229	0.4%	1,945,111	5.4%	(1,751,882)	(90.1%)
Elections	9,300	0.0%	385,984	1.1%	(376,684)	(97.6%)
Financial administration	1,024,974	2.2%	1,835,098	5.1%	(810,124)	(44.1%)
Public facilities	-	- %	993,469	2.8%	(993,469)	(100.0%)
Public safety	551,566	1.2%	13,616,150	37.8%	(13,064,584)	(95.9%)
Public transportation	299,390	0.6%	5,160,461	14.3%	(4,861,071)	(94.2%)
Health and welfare	-	- %	398,269	1.1%	(398,269)	(100.0%)
Culture and recreation	-	- %	144,108	0.4%	(144,108)	(100.0%)
Conservation	-	- %	294,089	0.8%	(294,089)	(100.0%)
Preservation and restoration	-	- %	406,616	1.1%	(406,616)	(100.0%)
Public service	-	- %	170,000	0.5%	(170,000)	(100.0%)
Interest on long-term debt	-	- %	191,670	0.5%	(191,670)	(100.0%)
Total	5,552,774	12.0%	\$ 35,997,352	100.0%	(30,444,578)	
OPERATING GRANTS AND CONTRIBUTIONS	6,196,528	13.4%			6,196,528	
GENERAL REVENUES	34,478,680	74.6%			34,478,680	
TOTAL REVENUES	\$ 46,227,982	100.0%				
CHANGE IN NET POSITION					\$ 10,230,630	

Capital Assets and Debt Administration

Capital Assets – Net capital assets increased by approximately \$4,386,122 primarily due to grant-funded construction and the purchase of various new assets. These purchases exceeded depreciation expense as well as the disposals of capital assets. Key transactions involving capital assets included construction on new County facilities of \$2.8 million, the purchase of motorgraders, and the addition of 42 new leased vehicles totaling approximately \$2,000,000.

HARRISON COUNTY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities	
	2024	2023
Land, buildings and improvements	\$ 16,414,061	\$ 17,027,889
Construction in progress	2,754,312	-
Right to use - vehicles	2,251,047	1,247,968
Right to use - software	2,814,772	3,216,781
Autos and trucks	786,981	676,531
Heavy equipment	2,898,413	2,175,894
Other equipment, furniture and fixtures	1,274,476	413,000
Infrastructure	99,606	149,483
Total capital assets, net	\$ 29,293,668	\$ 24,907,546

Outstanding Debt

The table below reports the outstanding balances of debt for 2024 and 2023 for governmental activities. The County's balance in notes payable decreased compared to the prior year, due to scheduled payments being greater than the amounts issued.

The County issued approximately \$2 million of new leases during fiscal year 2024 for fleet vehicles. Detailed information concerning the County's long-term debt is available in the notes to the financial statements.

HARRISON COUNTY'S LONG-TERM DEBT AT YEAR-END

	Governmental Activities	
	2024	2023
Financed purchases	\$ -	\$ 1,158,000
Leases	2,260,833	1,244,044
Subscriptions	2,778,203	3,141,578
Compensated absences	<u>1,374,356</u>	<u>1,291,632</u>
Total long-term debt	<u>\$ 6,413,392</u>	<u>\$ 6,835,254</u>

FINANCIAL ANALYSIS OF THE COUNTY FUNDS

Governmental Funds

The governmental fund statements include the General Fund, Road and Bridge Fund, and County Grant Fund, which comprise the County's major funds and all other governmental funds combined. These statements focus on short-term transactions and the impact they have on financial resources for future financial requirements. The total fund balances at year-end for all governmental funds are \$27,464,909, an increase of \$2,617,081 from the prior year. This represented a 10.5% increase in total fund balances. This increase was mainly in the General Fund, due to increase in property tax and intergovernmental revenues.

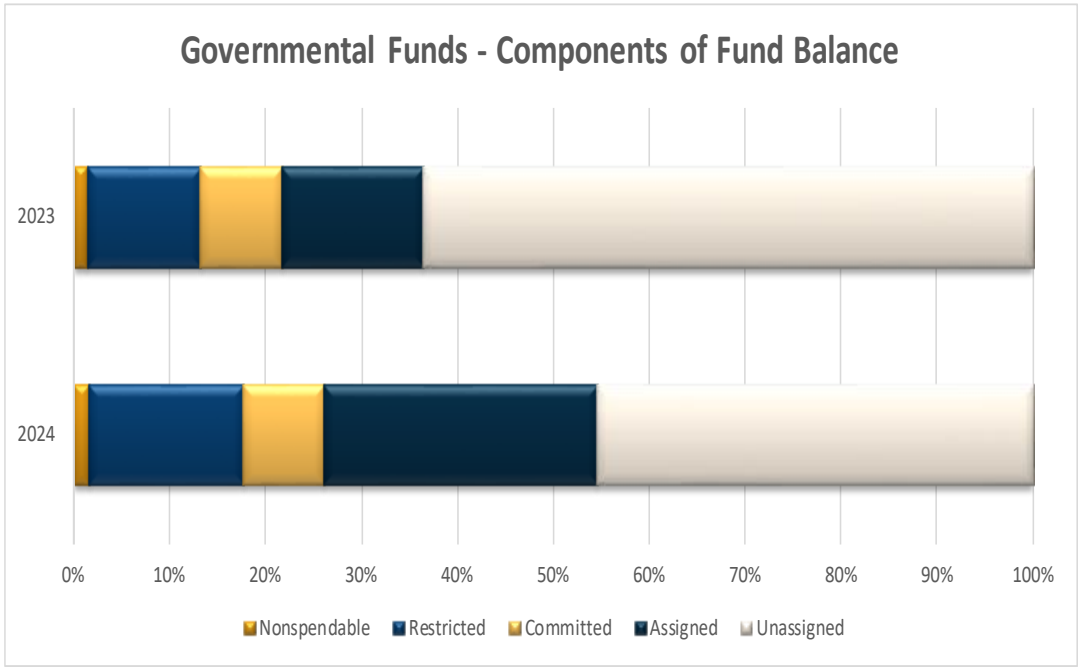
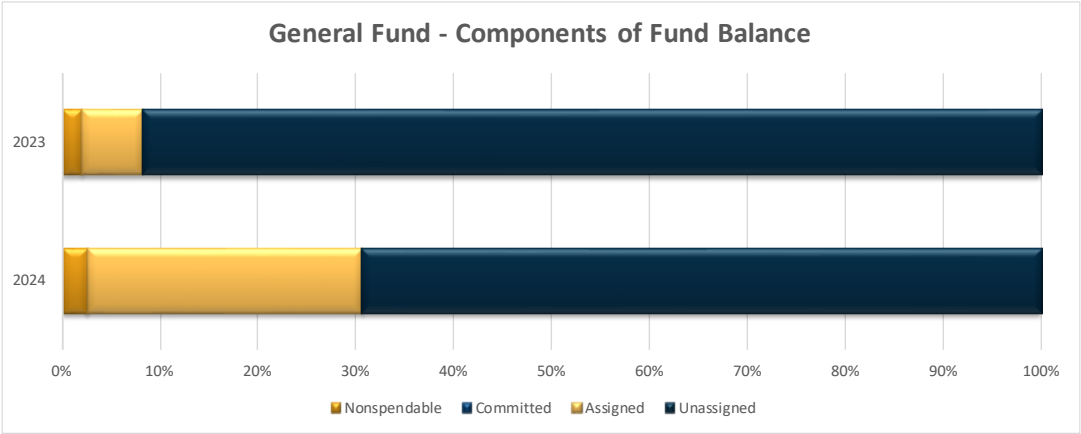
The General Fund is the primary day-to-day operating fund that finances services such as the courts and law enforcement. Approximately 81.5% of the revenue to support these services is generated by ad valorem taxes. General Fund operations resulted in an increase in fund balance of \$744,497. The ending fund balance of \$17,988,420 is in the acceptable level that the County Commissioners' Court would like to have, and steps will continue to be in place in order to maintain an acceptable General Fund balance to sustain County operations for a 90 – 120-day period. This represents an increase of 4.3% over prior year's fund balance, primarily caused by an increase in property tax revenue.

The Road and Bridge Fund is reported as a major governmental fund, because it represents a material percentage of the total revenue and expenditures of all governmental funds. The result of operations was an increase in fund balance of \$210,636 . The increase was caused by increased property tax revenues as well as cost savings in current expenditures compared to budget.

The Airport Maintenance Fund increased its fund balance \$287,150 due to an increase in grant funding combined with a slight decrease in non-personnel operational costs due to fewer maintenance projects needed in the fiscal year.

The County Grant Fund increased its fund balance by \$23,118 to \$5,147 at year-end. This resulted from certain grant revenues being recognized for costs spent in the prior year. Many of the grants administered through this fund, primarily the American Rescue Plan Act, are reimbursement-based where revenues equal expenditures. Thus, large fund balances are not expected over time.

All other governmental funds are combined to form the nonmajor governmental fund category. Combined fund balances increased by \$1,351,680 .



Proprietary Fund

As stated previously, the County’s proprietary fund statements report the activities of the County’s self-funded health insurance plan. The plan provides health and life insurance for all full-time and retired County employees and their dependents that qualify. The plan’s fund balance increased slightly but remained relatively flat, as management budgets charges to funds intending to just cover claims paid for the year.

Budgetary Highlights

Budgetary statements of revenues, expenditures, and changes in fund balance for the General Fund and Road and Bridge Fund report the budget and the actual amounts for each category. The variance is the difference between actual and the final budget. The County’s Commissioners’ Court, prior to the beginning of the fiscal year, adopted the original budget and the Court approves amendments to the budget during the year.

The original General Fund budget planned for expenditures to exceed revenues by \$1,000,422. Amendments made throughout the year were designed to account for both expected changes in revenue and the changes in expenditures made as a result. During the current year, the original General Fund expenditure budget was increased by \$3,070,320.

The original Road and Bridge Fund budget planned for expenditures to exceed revenues by \$634,104. However, actual expenditures were \$468,314 less than what was budgeted.

BUDGET FOR 2024 – 2025 AND LATER

For the FY 2025, the County adopted a property tax rate of \$.35560 per hundred dollars of taxable value. Harrison County adopted a deficit fund balance to use excess fund balance accumulated from prior years.

The County included four capital projects in the FY2025 budget.

- The County included \$1,500,000 for the renovation of the Willoughby Juvenile Services building.
- The County included \$461,952 upgrade for the Control Rooms at the Travis Annex Jail and the Main Jail. The equipment was obsolete and could not be repaired.
- The County included purchase of new property tax collection software in the amount of \$250,000.
- The County entered into an agreement with Motorola Solutions in June 2023 to design, build, install, and implement digital radio communications systems linked to the TexWarn System for the Sheriff's Department. The amount included in FY2025 is \$2,311,000.

The County has two lease-purchase programs in which the County sells back old dump trucks and vehicles then acquires new ones. The lease program for the dump trucks is a thirteen-month lease. The lease program for the vehicles is a four-year lease program. The County has entered into a seven-year term lease agreement with Motorola Solutions in the amount of \$1,086,696. The lease is for equipment to be installed on an additional communications tower located in the northwest area of the County.

REQUESTS FOR INFORMATION

This 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:

Becky Haynes
County Auditor
Harrison County Courthouse
200 W. Houston, Room 326
Marshall, Texas 75670
(903) 935-8405

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

HARRISON COUNTY, TEXAS**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2024

	Primary Government Governmental Activities	Component Unit Industrial Development Authority
ASSETS		
Cash and cash equivalents	\$ 28,916,611	\$ 490,960
Investments	-	2,958,568
Receivables, net:		
Property taxes	2,175,786	-
Accounts receivable	470,791	-
Leases	1,341,145	-
Due from other governments	1,324,559	-
Due from custodial funds	488,392	-
Prepaid items	464,723	-
Capital assets:		
Nondepreciable	3,802,139	-
Depreciable, net of accumulated depreciation	25,491,529	-
Total capital assets	29,293,668	-
Total assets	64,475,675	3,449,528
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	1,843,980	-
Related to OPEB	786,975	-
Total deferred outflows of resources	2,630,955	-
LIABILITIES		
Accounts payable	1,865,287	-
Accrued wages payable	420,602	-
Accrued interest payable	82,535	-
Unearned revenue	2,030,944	-
Noncurrent liabilities:		
Due within one year:		
Long-term Debt	1,749,857	-
Net OPEB liability	715,087	-
Due in more than one year:		
Long-term Debt	4,663,535	-
Net pension liability	1,090,405	-
Net OPEB liability	8,221,733	-
Total liabilities	20,839,985	-
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	50,152	-
Related to OPEB	1,040,977	-
Related to leases	1,339,092	-
Total deferred inflows of resources	2,430,221	-
NET POSITION		
Net investment in capital assets	24,254,632	-
Restricted for:		
Capital projects	2,076,693	-
Special purposes	2,328,752	-
Unrestricted	15,176,347	3,449,528
Total net position	\$ 43,836,424	\$ 3,449,528

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

HARRISON COUNTY, TEXAS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

				Changes Net Position	
	Program Revenues			Primary Government	Component Unit
	Charges for Services	Operating Grants and Contributions		Governmental Activities	Industrial Development Authority
Expenses					
PRIMARY GOVERNMENT					
General administration	\$ 8,446,146	\$ 2,267,122	\$ 2,382,095	\$ (3,796,929)	\$ -
Judicial	2,010,181	1,207,193	-	(802,988)	-
Legal	1,945,111	193,229	69,604	(1,682,278)	-
Elections	385,984	9,300	22,936	(353,748)	-
Financial administration	1,835,098	1,024,974	-	(810,124)	-
Public facilities	993,469	-	218,286	(775,183)	-
Public safety	13,616,150	551,566	3,309,893	(9,754,691)	-
Public transportation	5,160,461	299,390	111,976	(4,749,095)	-
Health and welfare	398,269	-	42,348	(355,921)	-
Culture and recreation	144,108	-	-	(144,108)	-
Conservation	294,089	-	8,822	(285,267)	-
Preservation and restoration	406,616	-	-	(406,616)	-
Public service	170,000	-	30,568	(139,432)	-
Interest and other charges	191,670	-	-	(191,670)	-
Total primary government governmental activities	35,997,352	5,552,774	6,196,528	(24,248,050)	-
COMPONENT UNIT					
Industrial Development Authority	\$ 46,035	\$ -	\$ -	-	(46,035)
General revenues:					
Property taxes				30,568,664	-
Miscellaneous taxes				40,205	-
Investment earnings				1,823,966	500,609
Gain on sale of assets				1,734,228	-
Miscellaneous				311,617	-
Total general revenues				34,478,680	500,609
Change in net position				10,230,630	454,574
Net position, beginning				33,605,794	2,994,954
Net position, ending				\$ 43,836,424	\$ 3,449,528

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

HARRISON COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

		Special Revenue		
	General	Road and Bridge	Airport Maintenance	County Grant Fund
ASSETS				
Cash and cash equivalents	\$ 18,669,186	\$ 3,422,647	\$ 611,320	\$ 288,723
Receivables, net				
Property taxes	2,175,786	-	-	-
Accounts receivable	376,977	63,547	9,860	-
Leases receivable	-	-	1,341,145	-
Due from other governments	169,068	15,995	104,000	950,401
Due from other funds	316,990	181,391	2,148	-
Prepaid items	464,723	-	-	-
Total assets	<u>22,172,730</u>	<u>3,683,580</u>	<u>2,068,473</u>	<u>1,239,124</u>
LIABILITIES				
Accounts payable	736,631	862,426	21,965	-
Accrued wages payable	332,183	55,374	-	-
Unearned revenue	796,967	-	-	1,233,977
Due to other funds	74,760	-	-	-
Total liabilities	<u>1,940,541</u>	<u>917,800</u>	<u>21,965</u>	<u>1,233,977</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	2,011,747	-	-	-
Unavailable revenue-court fines	232,022	-	-	-
Related to leases	-	-	1,339,092	-
Total deferred inflows of resources	<u>2,243,769</u>	<u>-</u>	<u>1,339,092</u>	<u>-</u>
FUND BALANCES				
Nonspendable - prepaid items	464,723	-	-	-
Restricted				
Debt service	-	-	-	-
Capital projects	-	-	-	5,147
Bail bond services	-	-	-	-
Airport maintenance	-	-	707,416	-
Court technology and security	-	-	-	-
VIT escrow	-	-	-	-
Law library	-	-	-	-
District Attorney services	-	-	-	-
Records management and preservation	-	-	-	-
Other	-	-	-	-
Committed for:				
Jury services	-	-	-	-
Records management	-	-	-	-
Juvenile services	-	-	-	-
Assigned for:				
Subsequent year's budget:				
appropriation of fund balance	5,005,712	-	-	-
Road and bridge maintenance	-	2,765,780	-	-
Capital murder defense	49,861	-	-	-
Unassigned	<u>12,468,124</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>17,988,420</u>	<u>2,765,780</u>	<u>707,416</u>	<u>5,147</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,172,730</u>	<u>\$ 3,683,580</u>	<u>\$ 2,068,473</u>	<u>\$ 1,239,124</u>

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

Other Governmental	Total Governmental Funds
\$ 5,897,984	\$ 28,889,860
-	2,175,786
4,723	455,107
-	1,341,145
85,095	1,324,559
90,233	590,762
-	464,723
<u>6,078,035</u>	<u>35,241,942</u>
46,844	1,667,866
33,045	420,602
-	2,030,944
-	74,760
<u>79,889</u>	<u>4,194,172</u>
-	2,011,747
-	232,022
-	1,339,092
<u>-</u>	<u>3,582,861</u>
-	464,723
671	671
2,071,546	2,076,693
233,397	233,397
-	707,416
419,555	419,555
165,775	165,775
34,908	34,908
244,925	244,925
218,106	218,106
304,670	304,670
183,115	183,115
1,241,289	1,241,289
880,189	880,189
-	5,005,712
-	2,765,780
-	49,861
-	12,468,124
<u>5,998,146</u>	<u>27,464,909</u>
<u>\$ 6,078,035</u>	<u>\$ 35,241,942</u>

THIS PAGE LEFT BLANK INTENTIONALLY

HARRISON COUNTY, TEXAS

**RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2024

Total fund balances of governmental funds	\$	27,464,909
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		29,293,668
The Internal Service Fund is used to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.		(182,596)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable, net of allowance for uncollectible amounts		2,011,747
Court fines receivable, net of allowance for uncollectible amounts		232,022
Long-term liabilities, including bonds payable, the net pension liability, and the net OPEB liability, are not due and payable in the current period and therefore not reported in the funds.		
Compensated absences		(1,374,356)
Interest payable		(82,535)
Leases payable		(2,260,833)
Subscriptions payable		(2,778,203)
Net pension liability		(1,090,405)
Deferred resources related to pensions		1,793,828
Net OPEB Liability		(8,936,820)
Deferred resources related to OPEB		<u>(254,002)</u>
Net position of governmental activities	\$	<u>43,836,424</u>

HARRISON COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Special Revenue		
	General	Road and Bridge	Airport Maintenance	County Grant Fund
REVENUES				
Ad valorem taxes	\$ 23,549,643	\$ 4,717,685	\$ 114,918	\$ -
Miscellaneous taxes	40,205	-	-	-
Licenses and permits	99,720	1,038,849	-	-
Fines and forfeitures	52,611	718,061	-	-
Intergovernmental	1,137,897	111,976	218,286	4,373,687
Charges for services	2,580,474	176,563	211,977	-
Investment earnings	1,383,435	268,784	5,343	5,164
Miscellaneous	65,303	1,500	2,145	-
Total revenues	<u>28,909,288</u>	<u>7,033,418</u>	<u>552,669</u>	<u>4,378,851</u>
EXPENDITURES				
Current expenditures:				
General administration	4,933,338	2,751,522	223,427	2,247,739
Judicial	1,827,548	-	-	-
Legal	2,035,490	-	-	11,123
Elections	388,636	-	-	-
Financial administration	1,983,218	-	-	-
Public facilities	1,049,268	-	-	-
Public transportation	-	5,999,129	34,912	1,000,704
Public safety	11,920,657	-	-	1,078,662
Health and welfare	409,210	-	-	-
Culture and recreation	133,624	-	-	-
Conservation	302,256	-	-	-
Public service	170,000	-	-	-
Capital outlay	1,259,650	861,664	7,180	65,374
Debt service:				
Principal	1,264,937	1,398,849	7,180	17,185
Interest and other charges	88,944	38,805	-	320
Total expenditures	<u>27,766,776</u>	<u>11,049,969</u>	<u>272,699</u>	<u>4,421,107</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,142,512</u>	<u>(4,016,551)</u>	<u>279,970</u>	<u>(42,256)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	211,916	167,033	-	-
Leases issued	1,048,361	839,818	-	-
Subscriptions issued	231,495	21,846	7,180	65,374
Sale of capital assets	320,213	1,158,490	-	-
Transfers in	-	2,040,000	-	-
Transfers out	(2,210,000)	-	-	-
Total other financing sources (uses)	<u>(398,015)</u>	<u>4,227,187</u>	<u>7,180</u>	<u>65,374</u>
NET CHANGE IN FUND BALANCES	<u>744,497</u>	<u>210,636</u>	<u>287,150</u>	<u>23,118</u>
FUND BALANCES, BEGINNING	<u>17,243,923</u>	<u>2,555,144</u>	<u>420,266</u>	<u>(17,971)</u>
FUND BALANCES, ENDING	<u>\$ 17,988,420</u>	<u>\$ 2,765,780</u>	<u>\$ 707,416</u>	<u>\$ 5,147</u>

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

Other Governmental	Total Governmental Funds
\$ 1,890,099	\$ 30,272,345
-	40,205
2,110	1,140,679
184,125	954,797
117,676	5,959,522
887,931	3,856,945
159,832	1,822,558
4,786	73,734
<u>3,246,559</u>	<u>44,120,785</u>
695,222	10,851,248
474,630	2,302,178
93,511	2,140,124
-	388,636
-	1,983,218
-	1,049,268
-	7,034,745
1,561,502	14,560,821
-	409,210
-	133,624
-	302,256
-	170,000
171,320	2,365,188
137,468	2,825,619
27,693	155,762
<u>3,161,346</u>	<u>46,671,897</u>
<u>85,213</u>	<u>(2,551,112)</u>
979,818	1,358,767
70,223	1,958,402
36,736	362,631
9,690	1,488,393
170,000	2,210,000
-	(2,210,000)
<u>1,266,467</u>	<u>5,168,193</u>
1,351,680	2,617,081
<u>4,646,466</u>	<u>24,847,828</u>
<u>\$ 5,998,146</u>	<u>\$ 27,464,909</u>

THIS PAGE LEFT BLANK INTENTIONALLY

HARRISON COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds	\$	2,617,081
--	----	-----------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Capital outlay	\$	8,835,808	
Depreciation expense		<u>(3,336,754)</u>	5,499,054

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.	2,825,619
---	-----------

The issuance of debt has no effect on the governmental funds.	(2,321,033)
---	-------------

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenue in the funds.

Property taxes	362,719
Court fines and fees	8,842

Interest expense on long-term debt and contractual obligations is not accrued in the governmental funds.	(35,908)
--	----------

The net effect of various sales and disposals of capital assets is to decrease net position.	(1,112,932)
--	-------------

The change in accrued compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	(82,724)
---	----------

Pension and OPEB expenses are not recognized as an expense in governmental funds since they do not require the use of current financial resources. The net effect of the current year's expenses are to decrease net position.	2,366,815
--	-----------

The Internal Service Fund is used to charge the costs of health insurance to individual funds. The net revenue (expense) of the activity of the Internal Service Fund is reported with governmental activities.	<u>103,097</u>
---	----------------

Changes in net position of governmental activities	\$	<u>10,230,630</u>
--	----	-------------------

HARRISON COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL****GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	
	Budgeted Amounts	
	Original	Final
REVENUES		
Ad valorem taxes	\$ 23,640,250	\$ 23,640,250
Miscellaneous taxes	30,000	30,000
Licenses, permits and fees	99,000	99,000
Intergovernmental	970,200	1,003,376
Fines and forfeitures	11,700	11,700
Charges for services	2,583,100	2,583,100
Investment earnings	704,105	704,105
Miscellaneous	72,000	72,000
Total revenues	28,110,355	28,143,531
EXPENDITURES		
Current:		
General administration	6,114,915	6,096,820
Judicial	1,949,884	1,906,557
Legal	2,276,853	2,177,352
Elections	502,663	503,268
Financial administration	2,042,070	2,048,212
Public facilities	1,023,251	1,092,784
Public safety	12,416,884	12,933,243
Health and welfare	2,176,975	2,167,870
Culture and recreation	130,000	136,500
Conservation	307,282	314,754
Public service	170,000	170,000
Capital outlay	-	1,279,856
Debt service:		
Principal	-	1,264,937
Interest and other charges	-	88,944
Total expenditures	29,110,777	32,181,097
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,000,422)	(4,037,566)
OTHER FINANCING SOURCES (USES)		
Insurance recoveries	10,000	163,196
Leases issued	-	1,048,361
Subscriptions issued	-	231,495
Sale of capital assets	50,000	50,000
Transfers out	(170,000)	(2,210,000)
Total other financing sources (uses)	(110,000)	(716,948)
NET CHANGE IN FUND BALANCES	(1,110,422)	(4,754,514)
FUND BALANCES, BEGINNING	17,243,923	17,243,923
FUND BALANCES, ENDING	\$ 16,133,501	\$ 12,489,409

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

General Fund		
Actual		Variance with Final Budget Positive (Negative)
\$ 23,549,643	\$	(90,607)
40,205		10,205
99,720		720
1,137,897		134,521
52,611		40,911
2,580,474		(2,626)
1,383,435		679,330
65,303		(6,697)
<u>28,909,288</u>		<u>765,757</u>
4,933,338		1,163,482
1,827,548		79,009
2,035,490		141,862
388,636		114,632
1,983,218		64,994
1,049,268		43,516
11,920,657		1,012,586
409,210		1,758,660
133,624		2,876
302,256		12,498
170,000		-
1,259,650		20,206
1,264,937		-
88,944		-
<u>27,766,776</u>		<u>4,414,321</u>
<u>1,142,512</u>		<u>5,180,078</u>
211,916		48,720
1,048,361		-
231,495		-
320,213		270,213
(2,210,000)		-
<u>(398,015)</u>		<u>318,933</u>
744,497		5,499,011
17,243,923		-
<u>\$ 17,988,420</u>	<u>\$</u>	<u>5,499,011</u>

HARRISON COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL****ROAD AND BRIDGE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Road and Bridge Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 4,732,003	\$ 4,732,003	\$ 4,717,685	\$ (14,318)
Licenses, permits and fees	1,010,100	1,010,100	1,038,849	28,749
Fines and forfeitures	563,000	563,000	718,061	155,061
Intergovernmental	114,000	114,000	111,976	(2,024)
Charges for services	70,000	70,000	176,563	106,563
Investment earnings	116,000	116,000	268,784	152,784
Miscellaneous	-	-	1,500	1,500
Total revenues	6,605,103	6,605,103	7,033,418	428,315
EXPENDITURES				
Current:				
General administration	2,984,605	2,980,678	2,751,522	229,156
Public transportation	5,224,602	6,238,287	5,999,129	239,158
Capital outlay	-	861,664	861,664	-
Debt service:				
Principal	-	1,398,849	1,398,849	-
Interest and other charges	-	38,805	38,805	-
Total expenditures	8,209,207	11,518,283	11,049,969	468,314
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,604,104)	(4,913,180)	(4,016,551)	896,629
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	115,297	167,033	51,736
Leases issued	-	861,664	861,664	-
Sale of capital assets	970,000	970,000	1,158,490	188,490
Transfers in	-	2,040,000	2,040,000	-
Total other financing sources (uses)	970,000	3,986,961	4,227,187	240,226
NET CHANGE IN FUND BALANCES	(634,104)	(926,219)	210,636	1,136,855
FUND BALANCES, BEGINNING	2,555,144	2,555,144	2,555,144	-
FUND BALANCES, ENDING	\$ 1,921,040	\$ 1,628,925	\$ 2,765,780	\$ 1,136,855

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

HARRISON COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL****AIRPORT MAINTENANCE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Airport Maintenance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 115,267	\$ 115,267	\$ 114,918	\$ (349)
Intergovernmental	114,000	114,000	218,286	104,286
Charges for services	138,000	138,000	211,977	73,977
Investment earnings	2,000	2,000	5,343	3,343
Miscellaneous	3,900	3,900	2,145	(1,755)
Total revenues	373,167	373,167	552,669	179,502
EXPENDITURES				
Current:				
General administration	276,350	270,350	223,427	46,923
Public transportation	32,500	38,500	34,912	3,588
Capital outlay	-	-	7,180	(7,180)
Debt service:				
Principal	-	7,180	7,180	-
Total expenditures	308,850	316,030	272,699	43,331
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	64,317	57,137	279,970	222,833
OTHER FINANCING SOURCES (USES)				
Subscriptions issued	-	-	7,180	7,180
Total other financing sources (uses)	-	-	7,180	7,180
NET CHANGE IN FUND BALANCES	64,317	57,137	287,150	230,013
FUND BALANCES, BEGINNING	420,266	420,266	420,266	-
FUND BALANCES, ENDING	\$ 484,583	\$ 477,403	\$ 707,416	\$ 230,013

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

HARRISON COUNTY, TEXASSTATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

COUNTY GRANT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	County Grant Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,542,417	\$ 4,557,461	\$4,373,687	\$ (183,774)
Investment earnings	-	-	5,164	5,164
Total revenues	<u>2,542,417</u>	<u>4,557,461</u>	<u>4,378,851</u>	<u>(178,610)</u>
EXPENDITURES				
Current:				
General administration	1,500,000	2,317,757	2,247,739	70,018
Legal	28,619	28,619	11,123	17,496
Public transportation	504,798	1,100,076	1,000,704	99,372
Public safety	404,500	1,081,121	1,078,662	2,459
Capital outlay	100,000	100,000	65,374	34,626
Debt service:				
Principal	-	17,185	17,185	-
Interest and other charges	-	320	320	-
Total expenditures	<u>2,537,917</u>	<u>4,645,078</u>	<u>4,421,107</u>	<u>223,971</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,500</u>	<u>(87,617)</u>	<u>(42,256)</u>	<u>45,361</u>
OTHER FINANCING SOURCES (USES)				
Subscriptions issued	-	-	65,374	65,374
Total other financing sources (uses)	-	-	65,374	65,374
NET CHANGE IN FUND BALANCES	4,500	(87,617)	23,118	110,735
FUND BALANCES, BEGINNING	(17,971)	(17,971)	(17,971)	-
FUND BALANCES, ENDING	\$ (13,471)	\$ (105,588)	\$ 5,147	\$ 110,735

HARRISON COUNTY, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2024

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 26,751
Accounts receivable	<u>15,684</u>
Total assets	<u>42,435</u>
LIABILITIES	
Current liabilities:	
Accounts payable	197,421
Due to other funds	<u>27,610</u>
Total liabilities	<u>225,031</u>
NET POSITION	
Unrestricted	<u>(182,596)</u>
Total net position	<u>\$ (182,596)</u>

HARRISON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES	
Charges for services	\$ 3,649,473
Total operating revenues	<u>3,649,473</u>
OPERATING EXPENSES	
Benefit payments	<u>3,547,784</u>
Total operating expenses	<u>3,547,784</u>
OPERATING GAIN (LOSS)	<u>101,689</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>1,408</u>
Total nonoperating revenues (expenses)	<u>1,408</u>
CHANGE IN NET POSITION	103,097
TOTAL NET POSITION, BEGINNING	<u>(285,693)</u>
TOTAL NET POSITION, ENDING	<u>\$ (182,596)</u>

HARRISON COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from premiums and contributions	\$ 3,675,586
Payments for claims	<u>(3,650,243)</u>
Net cash provided (used) by operating activities	<u>25,343</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>1,408</u>
Net cash provided (used) by investing activities	<u>1,408</u>
NET INCREASE (DECREASE) IN CASH	26,751
CASH AND CASH EQUIVALENTS, BEGINNING	<u>-</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>26,751</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	101,689
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in receivables	26,113
Increase (decrease) in payables	<u>(102,459)</u>
Total adjustments	<u>(76,346)</u>
Net cash provided (used) by operating activities	<u>\$ 25,343</u>

HARRISON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	<u>Custodial Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 16,222,649
Investments	<u>1,284,655</u>
Total assets	<u>17,507,304</u>
LIABILITIES	
Current liabilities:	
Accounts payable	418,381
Due to other governments	1,363,514
Due to other funds	356,419
Court ordered funds	<u>131,973</u>
Total liabilities	<u>2,270,287</u>
NET POSITION	
Restricted for individuals, organizations and other governments	15,235,710
Unassigned	<u>1,307</u>
Total fiduciary net position	<u>\$ 15,237,017</u>

HARRISON COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Custodial Funds</u>
ADDITIONS	
Taxes/fees collected on behalf of other governments	\$ 55,325,785
Fines collected on behalf of other governments	5,046,214
Contribution from other contracting entities	3,401,633
Bonds held	139,498
Civil registry received	<u>6,033,765</u>
Total additions	<u>69,946,895</u>
DEDUCTIONS	
Taxes/fees collected on behalf of state comptroller	55,353,743
Disbursements of fines/fees	5,248,923
Disbursements on behalf of contracting entities	2,846,656
Bonds disbursed	397,937
Civil registry disbursed	<u>1,837,154</u>
Total deductions	<u>65,684,413</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	4,262,482
FIDUCIARY NET POSITION, BEGINNING	<u>10,974,535</u>
FIDUCIARY NET POSITION, ENDING	<u>\$ 15,237,017</u>

THIS PAGE LEFT BLANK INTENTIONALLY

HARRISON COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Harrison County, Texas, was organized in 1842. The County operates under a County Judge-Commissioners' Court type of government. The County provides the following services throughout the County: public safety, public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, elections, and general and financial administrative services.

The financial statements of Harrison County, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's most significant accounting policies are described below.

A. Reporting Entity

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units for which the County may be financially accountable and, as such, should be included within the County's financial statements. The County is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial burden on the County. Additionally, the County is required to consider other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

The Harrison County Industrial Development Authority, Inc. (the "Authority") is a Texas nonprofit corporation and an industrial development corporation under the Development Corporation Act of 1979. It is managed by a nine-member board appointed by the Commissioners' Court of Harrison County, Texas. The state legislation under which the Authority was established authorizes the Commissioners' Court to remove the board members of the Authority for cause or at will. The Authority's board and the Commissioners' Court are not substantively the same, and the Authority does not provide services entirely, or almost entirely, to the County.

The Authority's fiscal year is the calendar year. The amounts reported under the component unit column of the government-wide financial statements are as of and for the year ended December 31, 2024. Since the Authority's fiscal year ends within the first quarter of the County's subsequent fiscal year, this financial statement presentation is in accordance with GASB Statement No. 14.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the County. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government, which consists entirely of the governmental activities, is reported separately from the discretely presented component unit for which the primary government is financially accountable.

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenue to be available if collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, miscellaneous taxes, and certain fees of office associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Major funds represent the County's most important funds and are determined based on percentages of assets, liabilities, deferred outflows/inflows of resources, revenues, and expenditures/expenses. Governments may also choose to report other funds as major funds if the fund is particularly important to financial statement users. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section. The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The **Road and Bridge Fund** is a Special Revenue Fund used to account for monies restricted or intended for use in the Road and Bridge Department of the County. Primary sources of revenues include property tax revenue, automobile registration fees, County and District Court Clerk fees, and state allotments of road funds. Revenues are used for public transportation, maintenance and construction purposes.

The **Airport Maintenance Fund** is a Special Revenue Fund used to account for activities related to maintaining Harrison County Airport.

The **County Grant Fund** is a Special Revenue Fund used to account for activities related to federal, state and local grants received by the County.

Additionally, the County reports the following governmental fund types:

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The **Debt Service Funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on governmental contractual obligations.

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. The applicable generally accepted accounting principles are similar to those applied by businesses in the private sector. An Internal Service Fund is a type of proprietary fund used to account for the financing of goods or services provided by an activity to other departments or funds of the County on a cost-reimbursement basis. The County uses an Internal Service Fund to account for payments made by the County and by its employees for health insurance premiums and for the payment of health insurance claims of County employees.

The Internal Service Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with the operation of the self-insured health care benefit program.

Fiduciary funds are held for the benefit of a third party or in an agency capacity and cannot be used to address activities or obligations of the government. These funds are not incorporated into the government-wide statements. Within the fiduciary funds, the County only reports the custodial fund category. Custodial funds utilize the economic resources measurement focus and the accrual basis of accounting.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

Deposits and Investments

The County's cash and cash equivalents include cash on hand, demand deposit accounts, and cash management accounts related to demand deposit accounts. The County's investment policy authorizes the County Treasurer to invest County funds with any or all institutions or groups consistent with federal or state law, Chapter 2256 Texas Government Code, and the current Depository Bank Contract. During the year ended September 30, 2024, the County's investments were with its depository bank, Texas Term and Texas Class. Texas Term and Texas Class are a "public funds investment pools," as defined by the Public Funds Investment Act Section 2256.016-2256.019, and the portfolio normally consists of U. S. treasury bills, treasury notes, other government and non-governmental obligations, collateralized certificates of deposit, and repurchase agreements. Investments for the County are reported at fair value, except for the position in investment pools.

The Harrison County Industrial Development Authority, a discretely presented component unit, is not subject to the Public Funds Investment Act, but is instead governed by the Uniform Prudent Investor Act found in Chapter 117 of the Texas Property Code.

The Authority's investment policy allows for investments in common and preferred stock of U.S. Corporations traded on nationally recognized exchanges, stock and stock index mutual funds, U.S. Treasury and federal agency securities, U.S. corporate debt instruments (bonds, notes, convertible securities, and mutual funds), various international investments limited to 10% of total invested funds, commercial paper issued by corporations with an average credit quality rating of BBB or higher, certificates of deposit insured by the FDIC, interest-bearing savings and checking accounts, and money market funds.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as "due to/from other funds."

All property taxes receivable are shown net of an allowance for uncollectible accounts. The allowance is equal to 0.3% of the tax levy for the most recent 5 tax years and 90% of the outstanding balance per year for the prior 5 years, and all amounts over 10 years are estimated to be uncollectible. The County's property taxes are levied on October 1, and become due on January 31 of the following year. Taxes become past due February 1, and become delinquent July 1. The County's taxes attach as an enforceable lien on real property on January 1 of the year levied.

Prepaid Expenditures

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

Capital Assets

Capital assets, which include buildings, property, plant, equipment, and infrastructure assets (roads and bridges), are reported in the governmental activities of the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost where records are available or at an estimated fair market value at date of acquisition where no historical records exist. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The County maintains many items and buildings of historical significance. The County does not capitalize historical treasures or works of art. The County has made this election because 1) the collection is held for reasons other than financial gain; 2) the collection is protected, kept unencumbered, cared for, and preserved; and 3) proceeds from the sale of collection items are used to acquire other items for collections.

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

Assets	Years
Buildings	20-50
Public domain infrastructure	5-50
Autos, machinery and equipment	5-10
Leased right to use - intangible	3-5
Subscription right to use - intangible	2-9

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions – The changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- The County recognizes deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.
- Difference in projected and actual earnings on pension and OPEB assets – The difference is deferred and amortized over a closed five-year period.

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Leases

The County has entered into various lease agreements as either lessee and lessor. Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

Lessee. The County is a lessee for noncancellable leases of vehicles and equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor. The County is a lessor for airport hangars at the County-owned airport. In both the government-wide financial statements and the governmental fund financial statements, the County initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

Subscription-Based Information Technology Arrangements

The County is a lessee for subscription-based IT arrangements (SBITAs). The County recognizes liability and an intangible right-to-use asset in the government-wide financial statements.

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

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the noncancellable period of the SBITA.

- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long- term debt on the statement of net position.

Compensated Absences

A liability for compensated absences is accrued by the County for all fulltime employees for unused vacation time, compensatory time off, and unused holidays. The County reports 25% of the total estimated liability for compensated absences as a current liability due in one year.

Compensated vacations are granted to all full-time permanent employees of the County. This benefit can range from two to four weeks, depending upon length of continuous service. Unused vacation time can be accrued up to 160 hours, based on length of employment. Accrued time in excess of maximum is lost without payment. Accumulated vacation time is paid upon termination.

Compensatory time off is allowed for non-exempt employees who work in excess of 40 hours per week in the Road and Bridge Department. Compensatory time off can be accrued up to 240 hours for clerical employees. Time earned in excess of maximum accruals is paid as earned. Accumulated compensatory time off is paid upon termination.

Compensatory holiday time off is allowed in certain departments that have regular full-time and part-time employees. All regular, part-time employees shall be paid for holidays according to the number of hours each is scheduled to work on the holiday not to exceed 8 hours. Regular, full-time employees (non-exempt employees) shall receive 8 hours of pay for each official holiday.

In the event the essential personnel (Juvenile Detention Supervisor Officers, Patrol Deputies, Dispatch personnel, and Jailers) work the approved holiday or is not scheduled to work on an approved holiday he/she would receive an additional 8 hours of holiday pay at the employee's normal rate of pay. The maximum amount of holiday time that an employee shall be allowed to carry over from one calendar year into the next is 80 hours. Accumulated holiday compensatory time off is only paid out upon termination.

The County provides 80 hours of paid sick leave to all employees each year. Unused sick leave can be accumulated up to 360 hours. Accrued sick leave in excess of maximum is lost without payment. Employees are not entitled to payment for unused sick leave upon termination. The County does not accrue a liability for unpaid sick leave.

Unearned Revenue

Unearned revenue represents amounts received from grantors or customers for which the eligibility or performance obligations have not yet been met as of yearend.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources and debt payments as expenditures – debt service.

Pensions

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

Other Post-Employment Benefits (OPEB)

The County provides eligible employees with certain postemployment health and life insurance benefits that meet the criteria of a defined benefit OPEB plan under Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The County has placed assets in trust to pay the obligations of the plan with the Public Agencies Retirement Services (PARS). Because plan assets are pooled by PARS with those of other plans for investment, the County's plan meets the criteria of an agent multiple-employer plan under GASB Statement No. 75.

The County has not established a formal funding policy. Therefore, for purposes of measuring the net OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's net OPEB liability is obtained from a report prepared by a consulting actuary.

Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Classification

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. Commissioners' Court has authorized the County Auditor to assign fund balance. The Court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Road and Bridge, and County Grant funds. All annual appropriations lapse at fiscal year-end.

The County Judge is the budget officer for the County. The County Judge, Commissioners' Court, County Auditor, and County department heads meet in budget workshops and prepare a tentative budget to cover all proposed expenditures of the County government for the succeeding fiscal year. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The Commissioners' Court shall hold a public hearing on the proposed budget. At the conclusion of the public hearing, the Commissioners' Court shall take action on the proposed budget. After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court shall file a copy of its order amending the budget with the County Clerk, and the Clerk shall attach the copy to the original budget. Management may not amend the budget without approval from the Commissioners' Court.

Expenditures may not legally exceed budgeted appropriations at the activity level. The budget is amended only by approval of the Commissioners' Court. Proposed amendments are presented to the Commissioners' Court in a public meeting and each amendment must have Commissioners' Court approval. As required by law, such amendments made before the fact are reflected in the official minutes of the Commissioners' Court meetings and are not made after fiscal year-end. During the year, the budget was amended as necessary. Significant budget amendments passed during the year ended September 30, 2024, are discussed in the Management's Discussion and Analysis (MD&A) starting on page 4 of this report.

Deficit Fund Balance/Net Position

As of September 30, 2024, the Internal Service Fund reported a deficit net position of \$182,596. This resulted from accruals related to claims payable that occurred after budgeted transfers from other funds had been set. The deficit will be funded in future years by increased charges to other funds.

Additionally, the Fines Collections Fund, a custodial fund, reported a deficit ending fund balance of \$110. This deficit resulted from incurring disbursement of fines and fees expenditures before the related revenue is recognized and will be funded by future fine collection revenues.

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2024, the County had the following investments, which are classified as cash equivalents:

Investment Type	Total Net Asset Value	Credit Rating
Primary government:		
Texas Class	\$ 1,116,970	AAAm
Texas Bank and Trust	21,428,832	N/A
Ameriprise	992,660	N/A
Total net asset value	\$ 23,538,462	

The County complies with the Public Funds Investment Act (PFIA) (Texas Government Code Chapter 2256), which governs the investment of public funds. The County's investment policy, approved annually by Commissioners' Court, prioritizes safety, liquidity, and yield. Authorized investments include U.S. obligations, fully collateralized certificates of deposit, repurchase agreements, and public funds investment pools. The County does not invest in derivatives or high-risk securities prohibited by the PFIA.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of September 30, 2024, the County's investments were valued as followed:

Investment	Weighted Average Maturity (days)	Fair Value Level		Percentage of Total Investments
		Level 1	Level 2	
Texas Class - Investment pool	83	\$ 1,116,970	\$ -	4.75%
Texas Bank and Trust:				
Treasury bills	115	2,578,330	-	10.95%
Treasury bonds	355	9,539,999	-	40.53%
Negotiable CD's	225	-	727,962	3.09%
FHLB obligations	449	-	8,499,260	36.11%
Money market	N/A	83,281	-	0.35%
Ameriprise - Treasury bonds	29	992,660	-	4.22%
Total investments		<u>\$ 14,311,240</u>	<u>\$ 9,227,222</u>	

Texas Class has a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2024, the County's deposit balance was fully collateralized with securities held by the pledging financial institution in the County's name or by FDIC insurance.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the County manages its exposure to interest rate risk by limiting the maturity of any individual investment owned by the County to three years.

Credit Risk. It is the County's policy, as defined in the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization.

Distinguished from the investments of the primary government discussed above, the Harrison County Industrial Development Authority, a discretely presented component unit, held \$2,958,568 of primarily U.S. corporate stock at the end of the current fiscal year.

The Authority categorizes its fair value using the same method as the County as mentioned a few paragraphs above. As of December 31, 2024, the Authority held the following fair value measurements:

- Equity securities of \$2,885,914 are valued using quoted prices in an active market for identical assets (Level 1 inputs).
- Equity securities of \$72,654 are valued using quoted prices in an active market for identical assets (Level 2 inputs).

Pursuant to its investment policy, the authority diversified its investment in equity securities so that no more than 5% of invested assets were invested in any single issuer. The average effective duration of the bond mutual funds was 3.66 years, which is less than the 5 year maximum required by the investment policy. The investment policy also requires all fixed income mutual funds to have an average credit quality rating of at least BBB. At the end of the current year, the bond mutual funds in which the Authority had invested were rated BBB or better.

Receivables

Receivables at September 30, 2024, for the County's individual major funds and aggregate nonmajor funds, including the applicable allowance for uncollectibles, were as follows:

	General	Road and Bridge	Airport Maintenance	Nonmajor Governmental	Internal Service	Total
Receivables:						
Property taxes	\$ 2,919,751	\$ -	\$ -	\$ -	\$ -	\$ 2,919,751
Accounts receivable	2,465,206	63,547	9,860	4,723	15,684	2,559,020
Leases	-	-	1,341,145	-	-	1,341,145
Total receivables	5,384,957	63,547	1,351,005	4,723	15,684	6,819,916
Less: allowance for uncollectibles	2,832,164	-	-	-	-	2,832,164
Net total receivables	\$ 2,552,793	\$ 63,547	\$ 1,351,005	\$ 4,723	\$ 15,684	\$ 3,987,752

Leases Receivable. The County has entered into multiple lease agreements as lessor for hangar space at the County-owned airport. During fiscal year 2024, there were 19 active agreements with annual payments ranging from \$10 to \$8,250. The agreements cover terms ending from 2024 to 2059 with imputed interest rates ranging from 0.3% to 4.2%. For the year ended September 30, 2024, the County recognized lease revenue of \$25,986.

Capital Assets

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

Primary Government

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,047,827	\$ -	\$ -	\$ 1,047,827
Construction in progress	-	2,754,312	-	2,754,312
Total assets not being depreciated	1,047,827	2,754,312	-	3,802,139
Capital assets, being depreciated:				
Buildings and improvements	28,374,518	182,887	-	28,557,405
Autos and trucks	3,398,425	283,136	(388,163)	3,293,398
Heavy equipment	6,367,772	2,233,381	(1,554,000)	7,047,153
Equipment, furniture and fixtures	1,444,537	1,023,468	(18,631)	2,449,374
Infrastructure	11,522,016	15,580	-	11,537,596
Right to use - vehicles	2,431,999	1,956,988	(914,426)	3,474,561
Right to use - subscriptions	3,813,637	386,056	(135,652)	4,064,041
Total capital assets being depreciated	57,352,904	6,081,496	(3,010,872)	60,423,528
Less accumulated depreciation:				
Buildings and improvements	12,394,456	796,715	-	13,191,171
Autos and trucks	2,721,894	153,174	(368,651)	2,506,417
Heavy equipment	4,191,878	550,862	(594,000)	4,148,740
Equipment, furniture and fixtures	1,031,537	161,991	(18,630)	1,174,898
Infrastructure	11,372,533	65,457	-	11,437,990
Right to use - vehicles	1,184,031	925,860	(886,377)	1,223,514
Right to use - subscriptions	596,856	682,695	(30,282)	1,249,269
Total accumulated depreciation	33,493,185	3,336,754	(1,897,940)	34,931,999
Total capital assets being depreciated, net	23,859,719	2,744,742	(1,112,932)	25,491,529
Governmental activities capital assets, net	\$ 24,907,546	\$ 5,499,054	\$ (1,112,932)	\$ 29,293,668

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

Governmental activities:	
General administration	\$ 717,836
Judicial	49,574
Legal	18,788
Elections	2,196
Financial administration	3,778
Public safety	1,420,224
Public transportation	704,273
Health and welfare	870
Culture and recreation	10,484
Preservation and restoration	406,616
Conservation	<u>2,115</u>
 Total depreciation expense	 <u>\$ 3,336,754</u>

Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2024, is as follows:

Due to/from Other Funds

	Payable fund			Total
	General	Internal Service Fund	Custodial Funds	
Receivable fund:				
General	\$ -	\$ 27,610	\$ 289,380	\$ 316,990
Road and Bridge	43,047	-	138,344	181,391
Airport Maintenance	2,148	-	-	2,148
Other Governmental	<u>29,565</u>	<u>-</u>	<u>60,668</u>	<u>90,233</u>
 Total	 <u>\$ 74,760</u>	 <u>\$ 27,610</u>	 <u>\$ 488,392</u>	 <u>\$ 590,762</u>

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

Transfer in/out

	Transfer in:
	Other
	<u>Governmental</u>
Transfer out:	
General	<u>\$ 2,210,000</u>

The transfer from the General Fund to the Security Fund, a nonmajor governmental fund, was to supplement fund revenues for certain capital project costs.

Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Financed purchases	\$ 1,158,000	\$ -	\$ 1,158,000	\$ -	\$ -
Leases	1,244,044	1,958,402	941,613	2,260,833	781,546
Subscriptions	3,141,578	362,631	726,006	2,778,203	624,722
Compensated absences	<u>1,291,632</u>	<u>1,087,447</u>	<u>1,004,723</u>	<u>1,374,356</u>	<u>343,589</u>
	<u>\$ 6,835,254</u>	<u>\$ 3,408,480</u>	<u>\$ 3,830,342</u>	<u>\$ 6,413,392</u>	<u>\$ 1,749,857</u>

Leases. Beginning in Fiscal Year 2020, the County entered into an agreement to lease County vehicles from Enterprise. Each vehicle carries a lease term of 48 months and, at the conclusion of the lease, the vehicle will be returned. Title is retained by Enterprise.

As of September 30, 2024, the County had 115 vehicles leased under the master agreement, including 42 issued in the current year in the amount of \$1,958,402. The lease payments range from \$1,373 to \$17,079 annually and mature at various points through fiscal year 2028. The lease liability was calculated using estimated incremental borrowing rates from 0.3% to 10.6%. During fiscal year 2024, the County recognized interest expense of \$6,285.

The combined future debt service requirements for leases payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 781,546	\$ 48,066	\$ 829,612
2026	669,686	32,591	702,277
2027	587,967	17,239	605,206
2028	<u>221,634</u>	<u>2,928</u>	<u>224,562</u>
Total	<u>\$ 2,260,833</u>	<u>\$ 100,824</u>	<u>\$ 2,361,657</u>

Subscriptions. As of September 30, 2024, the County had 69 active subscription-based IT agreements through various vendors, including 17 issued in the current year in the amount of \$362,631. The subscriptions carry interest rates ranging from 0.0% to 3.8% and have annual fixed payments ranging from \$72 to \$138,044. During fiscal year 2024, the County recognized interest expense of \$99,285. The liabilities are typically liquidated by the general fund.

The combined future debt service requirements for leases payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 624,722	\$ 87,978	\$ 712,700
2026	641,941	68,444	710,385
2027	654,890	48,300	703,190
2028	566,921	27,784	594,705
2029	107,476	9,714	117,190
2030- 2031	<u>182,253</u>	<u>8,806</u>	<u>191,059</u>
Total	<u>\$ 2,778,203</u>	<u>\$ 251,026</u>	<u>\$ 3,029,229</u>

4. OTHER INFORMATION

Risk Management

Harrison County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. There have not been significant reductions in insurance carried during the year ended September 30, 2024. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

In addition, Harrison County is a member of the Texas Association of Counties (TAC) Risk Management Pool, a public entity risk pool participating in property and casualty insurance coverage, automobile insurance coverage, and public official and law enforcement liability coverage. The pool is authorized by Chapter 119 of Local Government Code and provides coverage through an interlocal agreement authorized by The Interlocal Cooperation Act – Chapter 791, Texas Government Code. The interlocal agreement provides that the TAC pool will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event.

Premiums paid to the pool during 2024 have been reported as expenditures in the General Fund and Special Revenue Funds.

During the year ended September 30, 2024, employees of the County were covered by a health insurance plan (the "Plan"). The County contributed to the Plan for employees and, employees, at their option, authorized payroll withholding to pay contributions for their dependents. All contributions were paid to an Internal Service Fund maintained by the County for the purpose of self-insuring these health costs. A claims administration agreement (the Agreement) was executed with a third party administrator to provide for the payment of health benefits to the employees of the County. Reinsurance coverage was obtained by the County for fiscal year 2020. This coverage provides for an individual excess risk maximum of \$2,000,000 and an aggregate excess risk maximum of \$1,000,000.

The County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through HCC Life Insurance Company, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect as stated in the paragraph above. Latest financial statements for HCC Life Insurance Company have been filed with the Texas State Board of Insurance, Austin, Texas, and are public record.

A liability was recorded at year-end for claims incurred prior to September 30, 2024. A liability has not been estimated for claims incurred but not reported.

An analysis of claims activity is presented below:

	Beginning Balance	Current Year Claims Expenditures	Actual Claims Payments	Ending Balance
09/30/2024	\$ 299,880	3,620,848	\$ (3,723,307)	197,421
09/30/2023	288,015	3,613,608	(3,601,743)	299,880
09/30/2022	212,564	3,401,693	(3,326,242)	288,015
09/30/2021	240,282	3,057,867	(3,085,585)	212,564
09/30/2020	260,371	3,096,158	(3,116,247)	240,282
09/30/2019	215,014	3,155,931	(3,110,574)	260,371
09/30/2018	172,643	3,263,112	(3,220,741)	215,014

Contingent Liabilities and Commitments

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

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

Tax Abatements

The County enters into economic development agreements designed to promote development and redevelopment within the County, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the County. This program reduces the assessed property values as authorized under Chapter 312 of the Texas Tax Code.

The County has entered into an agreement to reduce property taxes. The agreement calls for a reduction of taxable property values on incremental values of 80% to 25% over 7 years. The agreement requires the developer to make capital improvements of at least \$10,500,001 and maintain an initial job creation requirement. For fiscal year 2024, the County abated property taxes of \$158,443.

Defined Benefit Pension Plan

Plan Description

The County's nontraditional defined benefit pension plan, Texas County and District Retirement System (TCDRS), provides pensions for all of its full-time employees. 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 an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034 Austin, TX, 78768-2034.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided

TCDRS provides retirement, disability, and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions 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 contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	258
Inactive employees entitled to but not yet receiving benefits	343
Active employees	<u>316</u>
	<u><u>917</u></u>

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the County was 12.23% and 12.14% in calendar years 2023 and 2024, respectively.

Actuarial Assumptions

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

Inflation	2.50% per year
Overall payroll growth	4.7% per year
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation

The County does not have automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the County may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

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

All actuarial assumptions that determined the total pension liability as of December 31, 2023, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumptions was changed for purposes of determining plan liabilities at the March 2021 meeting. All plan liabilities are now valued using an 7.60% discount rate.

The long-term expected rate of return on TCDRS is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2024 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in 2023. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

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

⁽¹⁾ Target asset allocation adopted at the March 2024 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.20%, per Cliffwater's 2024 capital market assumptions.

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

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

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods. The employer is legally required to make the contribution specified in the funding policy. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable. Based on the above assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability 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, a discount rate of 7.60% has been used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2022	\$ 77,523,876	\$ 74,547,202	\$ 2,976,674
Changes for the year:			
Service cost	1,663,792	-	1,663,792
Interest on total pension liability ⁽¹⁾	5,833,704	-	5,833,704
Effect of plan changes ⁽²⁾	1,248,990	-	1,248,990
Effect of economic/demographic gains or losses	168,904	-	168,904
Refund of contributions	(370,566)	(370,566)	-
Benefit payments	(4,576,821)	(4,576,821)	-
Administrative expenses	-	(41,983)	41,983
Member contributions	-	1,007,707	(1,007,707)
Net investment income	-	8,171,098	(8,171,098)
Employer contributions	-	1,744,814	(1,744,814)
Other ⁽²⁾	-	(79,977)	79,977
Balance at 12/31/2023	<u>\$ 81,491,879</u>	<u>\$ 80,401,474</u>	<u>\$ 1,090,405</u>

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

⁽²⁾ Reflect plan changes adopted effective in 2023.

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

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-higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 91,195,180	\$ 81,491,879	\$ 73,324,277
Fiduciary net position	<u>80,401,474</u>	<u>80,401,474</u>	<u>80,401,474</u>
Net pension liability/(asset)	<u>\$ 10,793,706</u>	<u>\$ 1,090,405</u>	<u>\$ (7,077,197)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the separately-issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

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

For the year ended September 30, 2024, the County recognized pension expense of \$1,441,034. At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 112,603	\$ 50,152
Difference between projected and actual investment earnings	178,989	-
Contributions subsequent to the measurement date	<u>1,552,388</u>	<u>-</u>
Total	<u>\$ 1,843,980</u>	<u>\$ 50,152</u>

\$1,552,388 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, but before September 30, 2024, will be recognized as a reduction of the total pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2025	\$ (604,538)
2026	(257,461)
2027	1,621,826
2028	<u>(518,386)</u>
	<u>\$ 241,441</u>

Post-retirement Health Care Benefits

Plan Description

The County provides certain health care benefits through an agent, multiple-employer defined benefit OPEB plan. Qualifying, full-time employees are eligible to participate in the County's health care plan as a retiree. A qualifying employee is an individual with eight years of service at the County and hired prior to January 24, 2011.

When a qualifying, regular full-time employee retires, they are eligible to continue to participate in the County's group health insurance plan. Retirees who decide to opt-out for the health care plan are eligible to opt back in when coverage from another entity ceases.

Benefits Provided

Retirees are eligible for medical, dental, vision, and prescription insurance until they become Medicare eligible. Retirees are also eligible for a \$20,000 life insurance policy. Once Medicare eligible, retirees are eligible for dental, vision, and life insurance only. At that time, the County medical plan will no longer be available. The County supplements 70% of the premium to all retirees who either (1) retire after the age of 65 or (2) are covered pre-Medicare in the retiree medical program. Spouses of retirees will receive the County supplement if they have been on the plan for one year prior to retirement.

In the event that an active employee passes away, the spouse and dependents will become eligible for retiree coverage if (1) the employee was eligible for retirement as defined by the Texas County & District Retirement System; and (2) the employee had dependent coverage at the time of death. Coverage will continue under the plan as long as monthly retiree premiums are paid by the specified due date, until dependents are no longer considered eligible dependents as defined by the plan, until the covered dependent becomes Medicare eligible, or until a surviving spouse remarries.

For the fiscal year ended September 30, 2024, the County's contributions to the plan were \$815,087, which were equal to plan benefit payments. Contributions and payments are considered equal because no contributions to the trust fund were made during the measurement period, and no benefit payments were made using plan assets.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	99
Active members	<u>56</u>
Total	<u><u>155</u></u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	12/31/2023
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.50%
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS).
Mortality	For healthy retirees, the gender-distinct Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021.
Participation Rates	70% for retirees who are at least 65 years old at retirement and 95% for retirees who are younger than 65 years old at retirement.
Health care cost trend rates	Non-Medicare: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 15 years; Medicare: Initial rate of 6.10% declining to an ultimate rate of 4.25% after 11 years.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

There is no separately issued audited benefit plan report available for the County's OPEB plan.

Discount Rate

The asset portfolio of the OPEB trust can support a 6.50% long term rate of return. Because the plan is closed to new entrants, the plan's assets are never depleted in the projection used to determine the single discount rate. 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 OPEB liability of the employer is equal to the long-term assumed rate of return on investments. Thus, a Single Discount Rate of 6.50% was used to measure the total OPEB liability.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.50%) in measuring the net OPEB liability.

	1% Decrease 5.50%	Current Single Discount Rate Assumption 6.50%	1% Increase 7.50%
County's net OPEB liability	\$ 9,986,946	\$ 8,936,820	\$ 8,034,935

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the net OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
County's net OPEB liability	\$ 7,880,887	\$ 8,936,820	\$ 10,178,908

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At September 30, 2024, the County reported a liability of \$8,936,820 for its net OPEB liability. The Net OPEB Liability was measured as of December 31, 2023, based on the results of an actuarial valuation as of December 31, 2023. For the year ended September 30, 2024, the County recognized OPEB expense of \$(993,445). There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 12/31/2022	\$ 11,222,646	\$ 2,000,415	\$ 9,222,231
Changes for the year:			
Service cost	128,609	-	128,609
Interest on the total OPEB liability	709,257	-	709,257
Difference between expected and actual experience	(96,682)	-	(96,682)
Employer contributions	-	750,603	(750,603)
Net investment income	-	288,205	(288,205)
Benefit payments	(750,603)	(750,603)	-
Administrative expense	-	(12,213)	12,213
Net changes	(9,419)	275,992	(285,411)
Balance at 12/31/2023	<u>\$ 11,213,227</u>	<u>\$ 2,276,407</u>	<u>\$ 8,936,820</u>

At September 30, 2024, the County reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 779,647
Changes in actuarial assumptions	-	261,330
Difference between projected and actual investment earnings	99,141	-
Contributions subsequent to the measurement date	687,834	-
Total	<u>\$ 786,975</u>	<u>\$ 1,040,977</u>

\$687,834 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2025. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	
2025	\$ (990,758)
2026	14,630
2027	66,007
2028	(31,715)
	<u>\$ (941,836)</u>

Commitments

During fiscal year 2024, the County entered into an agreement with Motorola Solutions, Inc., for the construction of two simulcast sites that will tie into the TxWARN system. The project is began in fiscal year 2024 and is estimated to cost \$3.8 million.

Subsequent Event

On December 27, 2024, the County court approved entering into a lease agreement with Motorola that will begin on January 1, 2025. The lease will be for a total cost of \$1,086,696 and continue through January 1, 2032.

New Accounting Pronouncements

Significant new accounting standards and guidance issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

GASB Statement No. 101, Compensated Absences - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, Certain Risk Disclosures - This Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of Statement No. 102 are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, Financial Reporting Model Improvements - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability and address certain application issues. The requirements for Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, Disclosure of Certain Capital Assets - The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

The County has not yet determined the impact of implementation of the new standards.

THIS PAGE LEFT BLANK INTENTIONALLY

**REQUIRED SUPPLEMENTARY
INFORMATION**

HARRISON COUNTY, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement Date December 31,	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 1,413,572	\$ 1,447,843	\$ 1,635,005	\$ 1,563,380
Interest total pension liability	4,023,176	4,221,571	4,444,871	4,697,492
Effect of plan changes	-	(250,766)	-	-
Effect of assumption changes or inputs	-	554,196	-	224,501
Effect of economic/demographic (gains) or losses	(424,782)	(207,963)	(608,266)	(194,367)
Benefit payments/refunds of contributions	(2,531,118)	(2,933,129)	(2,969,767)	(3,265,266)
Net change in total pension liability	<u>2,480,848</u>	<u>2,831,752</u>	<u>2,501,843</u>	<u>3,025,740</u>
Total pension liability - beginning	<u>50,216,739</u>	<u>52,697,587</u>	<u>55,529,339</u>	<u>58,031,182</u>
Total pension liability - ending (a)	<u>\$ 52,697,587</u>	<u>\$ 55,529,339</u>	<u>\$ 58,031,182</u>	<u>\$ 61,056,922</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 1,350,827	\$ 1,417,241	\$ 1,388,058	\$ 1,319,964
Member contributions	780,821	822,612	815,136	827,933
Investment income net of investment expenses	3,275,031	235,303	3,655,330	7,568,357
Benefit payments/refunds of contributions	(2,531,117)	(2,933,128)	(2,969,767)	(3,265,266)
Administrative expenses	(37,419)	(35,707)	(39,736)	(38,818)
Other	<u>(274,959)</u>	<u>64,983</u>	<u>(324,397)</u>	<u>(15,340)</u>
Net change in plan fiduciary net position	2,563,184	(428,696)	2,524,624	6,396,830
Plan fiduciary net position - beginning	<u>47,314,471</u>	<u>49,877,655</u>	<u>49,448,959</u>	<u>51,973,583</u>
Plan fiduciary net position - ending (b)	<u>\$ 49,877,655</u>	<u>\$ 49,448,959</u>	<u>\$ 51,973,583</u>	<u>\$ 58,370,413</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 2,819,932</u>	<u>\$ 6,080,380</u>	<u>\$ 6,057,599</u>	<u>\$ 2,686,509</u>
Fiduciary net position as a percentage of total pension liability	94.65%	89.05%	89.56%	95.60%
Pensionable covered payroll	\$ 11,154,589	\$ 11,751,604	\$ 11,644,794	\$ 11,827,612
Net pension liability as a percentage of covered payroll	25.28%	51.74%	52.02%	22.71%

2018	2019	2020	2021	2022	2023
\$ 1,507,461	\$ 1,485,193	\$ 1,570,795	\$ 1,677,753	\$ 1,668,153	\$ 1,663,792
4,936,362	5,119,028	5,282,230	5,407,984	5,621,045	5,833,704
-	-	-	361,256	371,607	1,248,990
-	-	3,727,947	(235,908)	-	-
(533,918)	(637,625)	(543,335)	(15,960)	(150,455)	168,904
(3,307,685)	(3,970,215)	(4,107,163)	(4,290,702)	(4,476,893)	(4,947,387)
<u>2,602,220</u>	<u>1,996,381</u>	<u>5,930,474</u>	<u>2,904,423</u>	<u>3,033,457</u>	<u>3,968,003</u>
<u>61,056,922</u>	<u>63,659,142</u>	<u>65,655,523</u>	<u>71,585,997</u>	<u>74,490,420</u>	<u>77,523,877</u>
<u>\$ 63,659,142</u>	<u>\$ 65,655,523</u>	<u>\$ 71,585,997</u>	<u>\$ 74,490,420</u>	<u>\$ 77,523,877</u>	<u>\$ 81,491,880</u>
\$ 1,378,682	\$ 1,432,217	\$ 1,539,521	\$ 1,587,618	\$ 1,662,960	\$ 1,744,814
831,963	859,087	881,192	908,695	951,814	1,007,707
(1,099,682)	9,214,741	6,560,723	14,800,595	(4,604,292)	8,171,098
(3,307,684)	(3,970,212)	(4,107,163)	(4,290,702)	(4,476,893)	(4,947,387)
(45,061)	(48,420)	(49,992)	(43,958)	(43,686)	(41,983)
<u>(26,821)</u>	<u>(48,633)</u>	<u>(43,529)</u>	<u>(32,022)</u>	<u>(194,268)</u>	<u>(79,977)</u>
(2,268,603)	7,438,780	4,780,752	12,930,226	(6,704,365)	5,854,272
<u>58,370,413</u>	<u>56,101,810</u>	<u>63,540,590</u>	<u>68,321,342</u>	<u>81,251,568</u>	<u>74,547,203</u>
<u>\$ 56,101,810</u>	<u>\$ 63,540,590</u>	<u>\$ 68,321,342</u>	<u>\$ 81,251,568</u>	<u>\$ 74,547,203</u>	<u>\$ 80,401,475</u>
<u>\$ 7,557,332</u>	<u>\$ 2,114,933</u>	<u>\$ 3,264,655</u>	<u>\$ (6,761,148)</u>	<u>\$ 2,976,674</u>	<u>\$ 1,090,405</u>
88.13%	96.78%	95.44%	109.08%	96.16%	98.66%
\$ 11,885,189	\$ 12,272,672	\$ 12,710,374	\$ 12,981,358	\$ 13,597,345	\$ 14,372,413
63.59%	17.23%	25.68%	-52.08%	21.89%	7.59%

HARRISON COUNTY, TEXAS**SCHEDULE OF PENSION CONTRIBUTIONS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	1,417,241	1,417,241	-	11,751,604	12.1%
2016	1,385,853	1,385,853	-	11,589,728	12.0%
2017	1,344,892	1,344,892	-	11,835,281	11.4%
2018	1,351,689	1,351,689	-	11,772,354	11.5%
2019	1,422,492	1,422,492	-	11,885,189	12.0%
2020	1,472,859	1,472,859	-	12,176,620	12.1%
2021	1,490,805	1,577,210	(86,405)	12,896,240	12.2%
2022	1,593,116	1,700,796	(107,680)	13,906,757	12.2%
2023	1,461,143	1,693,693	(232,550)	13,927,354	12.2%
2024	1,717,268	1,999,315	(282,047)	16,468,793	12.1%

HARRISON COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Valuation Timing	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	10.6 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule	<p>2015: New inflation, mortality and other assumptions were reflected.</p> <p>2017: New mortality assumptions were reflected.</p> <p>2019: New inflation, mortality and other assumptions were reflected.</p> <p>2022: New investment return and inflation assumptions were reflected.</p>
Changes in Plan Provisions Reflected in the Schedule	<p>2015 & 2016: No changes in plan provisions were reflected in the Schedule.</p> <p>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.</p> <p>2018: No changes in plan provisions were reflected in the Schedule.</p> <p>2019: No changes in plan provisions were reflected in the Schedule.</p> <p>2020: No changes in plan provisions were reflected in the Schedule.</p> <p>2021: No changes in plan provisions were reflected in the Schedule.</p> <p>2022: Employer contributions reflect that a 1% flat COLA was adopted.</p> <p>2023: Employer contributions reflect that a 1% flat COLA was adopted.</p>

HARRISON COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS POST-RETIREMENT HEALTH CARE BENEFIT PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement Date December 31,	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 337,003	\$ 298,422	\$ 281,033
Interest on the total OPEB liability	1,115,831	1,156,329	1,039,827
Difference between expected and actual experience	(56,174)	(2,759,282)	(81,017)
Changes of assumptions	-	446,336	-
Benefit payments	(744,307)	(828,001)	(839,759)
Net change in total OPEB liability	652,353	(1,686,196)	400,084
Total OPEB liability - beginning	16,493,155	17,145,508	15,459,312
Total OPEB liability - ending (a)	<u>\$ 17,145,508</u>	<u>\$ 15,459,312</u>	<u>\$ 15,859,396</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 744,307	\$ 1,028,001	\$ 839,759
Net investment income	155,511	(70,781)	280,663
Benefit payments	(744,307)	(828,001)	(839,759)
Administrative expenses	(7,106)	(7,891)	(9,203)
Net change in plan fiduciary net position	148,405	121,328	271,460
Plan fiduciary net position - beginning	1,167,414	1,315,819	1,437,147
Plan fiduciary net position - ending (b)	<u>\$ 1,315,819</u>	<u>\$ 1,437,147</u>	<u>\$ 1,708,607</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 15,829,689</u>	<u>\$ 14,022,165</u>	<u>\$ 14,150,789</u>
Fiduciary net position as a percentage of total OPEB liability	7.67%	9.30%	10.77%
Covered-employee payroll	\$ 4,609,267	\$ 4,094,669	\$ 4,094,669
Net OPEB liability as a percentage of covered-employee payroll	343.43%	342.45%	345.59%

Notes to Schedule:

GASB Statement No. 75 requires 10 years of data to be provided in this schedule. Data prior to 2017 is not available. Additional years will be added in the future as the information becomes available.

FYE23 - The health care trend rates and post-5 participation were updated to better reflect the plan's anticipate experience.

FYE22 - The demographic and salary increase assumptions were updated to reflect the 2021 TCDRS experience study. Additionally, the methodology for determining service cost was updated to accrue the benefits over each employee's service with Harrison County.

FYE21 - The long-term rate of return assumption and the discount rate were changed from 6.85% to 6.50%.

FYE19 - The health care trend assumption was modified to better reflect the plan's anticipated experience.

2020	2021	2022	2023
\$ 219,348	\$ 210,409	\$ 159,783	\$ 128,609
1,064,943	898,320	898,584	709,257
(2,710,012)	(138,009)	(2,515,807)	(96,682)
482,449	(296,460)	(775,593)	-
<u>(844,923)</u>	<u>(712,195)</u>	<u>(577,587)</u>	<u>(750,603)</u>
<u>(1,788,195)</u>	<u>(37,935)</u>	<u>(2,810,620)</u>	<u>(9,419)</u>
<u>15,859,396</u>	<u>14,071,201</u>	<u>14,033,266</u>	<u>11,222,646</u>
<u>\$ 14,071,201</u>	<u>\$ 14,033,266</u>	<u>\$ 11,222,646</u>	<u>\$ 11,213,227</u>
\$ 944,923	\$ 762,195	\$ 627,587	\$ 750,603
209,723	254,862	(337,852)	288,205
(844,923)	(712,195)	(577,587)	(750,603)
<u>(10,067)</u>	<u>(12,714)</u>	<u>(12,144)</u>	<u>(12,213)</u>
299,656	292,148	(299,996)	275,992
<u>1,708,607</u>	<u>2,008,263</u>	<u>2,300,411</u>	<u>2,000,415</u>
<u>\$ 2,008,263</u>	<u>\$ 2,300,411</u>	<u>\$ 2,000,415</u>	<u>\$ 2,276,407</u>
<u>\$ 12,062,938</u>	<u>\$ 11,732,855</u>	<u>\$ 9,222,231</u>	<u>\$ 8,936,820</u>
14.27%	16.39%	17.82%	20.30%
\$ 3,279,369	\$ 3,279,369	\$ 2,518,298	\$ 2,518,298
367.84%	357.78%	366.21%	354.88%

THIS PAGE LEFT BLANK INTENTIONALLY

OTHER SUPPLEMENTARY INFORMATION

HARRISON COUNTY, TEXAS**COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2024

	Special Revenue				
	Jury	Bail Bond Board	Drug Forfeitures	Permanent School Fund	Tax Collector VIT
ASSETS					
Cash and cash equivalents	\$ 169,950	\$ 233,397	\$ 18,833	\$ 21,013	\$ 164,018
Receivables:					
Accounts	605	-	-	-	-
Due from other governments	16,720	-	-	-	-
Due from other funds	5,429	-	-	-	1,757
Total assets	<u>192,704</u>	<u>233,397</u>	<u>18,833</u>	<u>21,013</u>	<u>165,775</u>
LIABILITIES					
Accounts payable	4,458	-	-	-	-
Accrued wages payable	5,131	-	-	-	-
Total liabilities	<u>9,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	-	233,397	18,833	21,013	165,775
Committed	183,115	-	-	-	-
Total fund balances	<u>183,115</u>	<u>233,397</u>	<u>18,833</u>	<u>21,013</u>	<u>165,775</u>
 Total liabilities, deferred inflows, and fund balances	<u>\$ 192,704</u>	<u>\$ 233,397</u>	<u>\$ 18,833</u>	<u>\$ 21,013</u>	<u>\$ 165,775</u>

Special Revenue						
Justice Technology	Law Library	Juvenile Services	Records Management	Security	District Attorney Special	District Court Technology
\$ 148,766	\$ 36,319	\$ 821,687	\$ 1,211,708	\$ 160,991	\$ 248,653	\$ 61,427
-	-	2,947	-	-	-	-
-	-	68,375	-	-	-	-
<u>2,665</u>	<u>4,606</u>	<u>19,447</u>	<u>30,166</u>	<u>4,768</u>	<u>-</u>	<u>20</u>
<u>151,431</u>	<u>40,925</u>	<u>912,456</u>	<u>1,241,874</u>	<u>165,759</u>	<u>248,653</u>	<u>61,447</u>
1,131	5,888	10,251	-	-	1,929	-
<u>-</u>	<u>129</u>	<u>22,016</u>	<u>585</u>	<u>2,801</u>	<u>1,799</u>	<u>-</u>
<u>1,131</u>	<u>6,017</u>	<u>32,267</u>	<u>585</u>	<u>2,801</u>	<u>3,728</u>	<u>-</u>
150,300	34,908	-	-	162,958	244,925	61,447
<u>-</u>	<u>-</u>	<u>880,189</u>	<u>1,241,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>150,300</u>	<u>34,908</u>	<u>880,189</u>	<u>1,241,289</u>	<u>162,958</u>	<u>244,925</u>	<u>61,447</u>
\$ <u>151,431</u>	\$ <u>40,925</u>	\$ <u>912,456</u>	\$ <u>1,241,874</u>	\$ <u>165,759</u>	\$ <u>248,653</u>	\$ <u>61,447</u>

HARRISON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	Special Revenue				
	County Court Technology	Case Manager	District Clerk Preservation	County Clerk Preservation	6th Court of Appeal
ASSETS					
Cash and cash equivalents	\$ 10,709	\$ 32,701	\$ 147,537	\$ 66,540	\$ 1,164
Receivables:					
Accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	98	1,926	3,218	811	664
Total assets	<u>10,807</u>	<u>34,627</u>	<u>150,755</u>	<u>67,351</u>	<u>1,828</u>
LIABILITIES					
Accounts payable	-	-	-	-	1,826
Accrued wages payable	-	584	-	-	-
Total liabilities	<u>-</u>	<u>584</u>	<u>-</u>	<u>-</u>	<u>1,826</u>
FUND BALANCES					
Restricted	10,807	34,043	150,755	67,351	2
Committed	-	-	-	-	-
Total fund balances	<u>10,807</u>	<u>34,043</u>	<u>150,755</u>	<u>67,351</u>	<u>2</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,807</u>	<u>\$ 34,627</u>	<u>\$ 150,755</u>	<u>\$ 67,351</u>	<u>\$ 1,828</u>

Special Revenue						
Vital Archive Fee	Election Contracts	Court Initiated Guardianship	Youth Enrichment	Debt Service	Capital Projects	Totals
\$ 32,031	\$ 70,820	\$ 72,189	\$ 87,483	\$ -	\$ 2,080,048	\$ 5,897,984
-	-	-	-	-	1,171	4,723
-	-	-	-	-	-	85,095
352	-	781	7,482	671	5,372	90,233
<u>32,383</u>	<u>70,820</u>	<u>72,970</u>	<u>94,965</u>	<u>671</u>	<u>2,086,591</u>	<u>6,078,035</u>
-	6,316	-	-	-	15,045	46,844
-	-	-	-	-	-	33,045
-	<u>6,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,045</u>	<u>79,889</u>
32,383	64,504	72,970	94,965	671	2,071,546	3,693,553
-	-	-	-	-	-	2,304,593
<u>32,383</u>	<u>64,504</u>	<u>72,970</u>	<u>94,965</u>	<u>671</u>	<u>2,071,546</u>	<u>5,998,146</u>
<u>\$ 32,383</u>	<u>\$ 70,820</u>	<u>\$ 72,970</u>	<u>\$ 94,965</u>	<u>\$ 671</u>	<u>\$ 2,086,591</u>	<u>\$ 6,078,035</u>

HARRISON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue				
	Jury	Bail Bond Board	Drug Forfeitures	Permanent School Fund	Tax Collector VIT
REVENUES					
Ad valorem taxes	\$ 181,449	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	2,110	-	-	-
Intergovernmental	67,326	-	7,293	-	-
Charges for services	16,203	-	-	-	9,016
Fines and forfeitures	-	-	-	-	-
Investment earnings	16,772	374	76	188	3,382
Miscellaneous	-	-	-	4,575	-
Total revenues	<u>281,750</u>	<u>2,484</u>	<u>7,369</u>	<u>4,763</u>	<u>12,398</u>
EXPENDITURES					
Current expenditures:					
General administration	-	-	-	-	8,475
Judicial	285,762	-	-	-	-
Legal	-	-	-	-	-
Public safety	220	-	2,910	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	<u>285,982</u>	<u>-</u>	<u>2,910</u>	<u>-</u>	<u>8,475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,232)</u>	<u>2,484</u>	<u>4,459</u>	<u>4,763</u>	<u>3,923</u>
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	-	-	-	-	-
Leases issued	-	-	-	-	-
Subscriptions issued	-	-	-	-	-
Sale of assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(4,232)</u>	<u>2,484</u>	<u>4,459</u>	<u>4,763</u>	<u>3,923</u>
FUND BALANCE, BEGINNING	<u>187,347</u>	<u>230,913</u>	<u>14,374</u>	<u>16,250</u>	<u>161,852</u>
FUND BALANCE, ENDING	<u>\$ 183,115</u>	<u>\$ 233,397</u>	<u>\$ 18,833</u>	<u>\$ 21,013</u>	<u>\$ 165,775</u>

Special Revenue

Justice Technology	Law Library	Juvenile Services	Records Management	Security	District Attorney Special	District Court Technology
\$ -	\$ -	\$ 1,239,905	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
15,904	49,175	224,713	322,404	54,174	22,500	-
-	-	-	-	-	13,045	378
2,141	2,638	71,262	13,338	337	184,125	-
-	211	-	-	-	4,249	138
<u>18,045</u>	<u>52,024</u>	<u>1,535,880</u>	<u>335,742</u>	<u>54,511</u>	<u>223,919</u>	<u>516</u>
6,982	5,715	-	49,011	-	-	-
-	(12,552)	-	-	161,237	-	-
-	-	-	-	-	93,511	-
18,211	-	1,540,161	-	-	-	-
-	-	70,223	20,686	-	80,411	-
-	57,542	22,176	54,540	-	3,210	-
-	8,348	586	18,759	-	-	-
<u>25,193</u>	<u>59,053</u>	<u>1,633,146</u>	<u>142,996</u>	<u>161,237</u>	<u>177,132</u>	<u>-</u>
<u>(7,148)</u>	<u>(7,029)</u>	<u>(97,266)</u>	<u>192,746</u>	<u>(106,726)</u>	<u>46,787</u>	<u>516</u>
-	-	-	-	-	-	-
-	-	70,223	-	-	-	-
-	-	-	20,686	-	16,050	-
-	-	9,690	-	-	-	-
-	-	-	-	170,000	-	-
-	-	79,913	20,686	170,000	16,050	-
(7,148)	(7,029)	(17,353)	213,432	63,274	62,837	516
<u>157,448</u>	<u>41,937</u>	<u>897,542</u>	<u>1,027,857</u>	<u>99,684</u>	<u>182,088</u>	<u>60,931</u>
<u>\$ 150,300</u>	<u>\$ 34,908</u>	<u>\$ 880,189</u>	<u>\$ 1,241,289</u>	<u>\$ 162,958</u>	<u>\$ 244,925</u>	<u>\$ 61,447</u>

HARRISON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue				
	County Court Technology	Case Manager	District Clerk Preservation	County Clerk Preservation	6th Court of Appeal
REVENUES					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	1,138	19,744	36,194	7,246	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	22	82	317	143	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,160</u>	<u>19,826</u>	<u>36,511</u>	<u>7,389</u>	<u>-</u>
EXPENDITURES					
Current expenditures:					
General administration	-	-	-	-	-
Judicial	-	26,450	13,288	-	445
Legal	-	-	-	-	-
Public safety	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>26,450</u>	<u>13,288</u>	<u>-</u>	<u>445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,160</u>	<u>(6,624)</u>	<u>23,223</u>	<u>7,389</u>	<u>(445)</u>
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	-	-	-	-	-
Leases issued	-	-	-	-	-
Subscriptions issued	-	-	-	-	-
Sale of assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,160	(6,624)	23,223	7,389	(445)
FUND BALANCE, BEGINNING	<u>9,647</u>	<u>40,667</u>	<u>127,532</u>	<u>59,962</u>	<u>447</u>
FUND BALANCE, ENDING	<u>\$ 10,807</u>	<u>\$ 34,043</u>	<u>\$ 150,755</u>	<u>\$ 67,351</u>	<u>\$ 2</u>

Special Revenue

Vital Archive Fees	Election Contracts	Court Initiated Guardianship	Youth Enrichment	Debt Service	Capital Projects	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468,745	\$ 1,890,099
-	-	-	-	-	-	2,110
-	20,557	-	-	-	-	117,676
4,295	11,679	5,972	96,651	-	-	887,931
-	-	-	-	-	-	184,125
68	144	155	137	-	43,869	159,832
-	-	-	-	-	-	4,786
<u>4,363</u>	<u>32,380</u>	<u>6,127</u>	<u>96,788</u>	<u>-</u>	<u>512,614</u>	<u>3,246,559</u>
-	-	-	95,153	-	529,886	695,222
-	-	-	-	-	-	474,630
-	-	-	-	-	-	93,511
-	-	-	-	-	-	1,561,502
-	-	-	-	-	-	171,320
-	-	-	-	-	-	137,468
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,693</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>95,153</u>	<u>-</u>	<u>529,886</u>	<u>3,161,346</u>
<u>4,363</u>	<u>32,380</u>	<u>6,127</u>	<u>1,635</u>	<u>-</u>	<u>(17,272)</u>	<u>85,213</u>
-	-	-	-	-	979,818	979,818
-	-	-	-	-	-	70,223
-	-	-	-	-	-	36,736
-	-	-	-	-	-	9,690
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,818</u>	<u>1,266,467</u>
4,363	32,380	6,127	1,635	-	962,546	1,351,680
<u>28,020</u>	<u>32,124</u>	<u>66,843</u>	<u>93,330</u>	<u>671</u>	<u>1,109,000</u>	<u>4,646,466</u>
<u>\$ 32,383</u>	<u>\$ 64,504</u>	<u>\$ 72,970</u>	<u>\$ 94,965</u>	<u>\$ 671</u>	<u>\$ 2,071,546</u>	<u>\$ 5,998,146</u>

HARRISON COUNTY, TEXAS**COMBINING STATEMENT OF FIDUCIARY NET POSITION****CUSTODIAL FUNDS**

SEPTEMBER 30, 2024

	<u>County Treasurer</u>	<u>County Clerk</u>	<u>District Attorney</u>	<u>District Clerk</u>	<u>Justices of the Peace</u>
ASSETS					
Cash and cash equivalents	\$ 214,757	\$ 676,880	\$ 215,331	\$ 11,439,728	\$ 121,497
Investments	<u>-</u>	<u>334,406</u>	<u>-</u>	<u>800,249</u>	<u>-</u>
Total assets	<u>214,757</u>	<u>1,011,286</u>	<u>215,331</u>	<u>12,239,977</u>	<u>121,497</u>
LIABILITIES					
Accounts payable	800	18	582	13,635	2,368
Due to other governments	171,721	2,564	-	8,197	42,376
Due to other funds	21,423	79,470	-	35,675	75,336
Court ordered funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,973</u>	<u>-</u>
Total liabilities	<u>193,944</u>	<u>82,052</u>	<u>582</u>	<u>189,480</u>	<u>120,080</u>
NET POSTION					
Restricted for individuals, organizations and other governments	20,813	929,234	214,749	12,050,497	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,417</u>
Total net positon	<u>\$ 20,813</u>	<u>\$ 929,234</u>	<u>\$ 214,749</u>	<u>\$ 12,050,497</u>	<u>\$ 1,417</u>

Juvenile Center	Sheriff	Tax Assessor- Collector	Fines Collection	Medical Plan	Adult and Juvenile Probation	Total Custodial Funds
\$ -	\$ 836,258	\$ 1,437,273	\$ 32,530	\$ 53,421	\$ 1,194,974	\$ 16,222,649
-	-	150,000	-	-	-	1,284,655
-	836,258	1,587,273	32,530	53,421	1,194,974	17,507,304
-	23,132	77,304	226	92	300,224	418,381
-	-	1,132,454	6,202	-	-	1,363,514
-	3,092	115,211	26,212	-	-	356,419
-	-	-	-	-	-	131,973
-	26,224	1,324,969	32,640	92	300,224	2,270,287
-	810,034	262,304	-	53,329	894,750	15,235,710
-	-	-	(110)	-	-	1,307
\$ -	\$ 810,034	\$ 262,304	\$ (110)	\$ 53,329	\$ 894,750	\$ 15,237,017

HARRISON COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****CUSTODIAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	County Treasurer	County Clerk	District Attorney	District Clerk	Justices of the Peace
ADDITIONS					
Taxes/fees collected on behalf of other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines collected on behalf of other governments	982,021	974,066	446,113	692,771	1,376,511
Contribution from other contracting entities	-	-	-	-	-
Bonds held	-	87,339	-	52,159	-
Civil registry received	-	222,058	-	5,811,707	-
Total additions	<u>982,021</u>	<u>1,283,463</u>	<u>446,113</u>	<u>6,556,637</u>	<u>1,376,511</u>
DEDUCTIONS					
Taxes/fees collected on behalf of comptroller	-	-	-	-	-
Disbursements of fines/fees	975,601	974,548	660,364	695,493	1,375,094
Disbursements on behalf of contracting entities	-	-	-	-	-
Bonds disbursed	-	289,178	-	108,759	-
Civil registry disbursed	-	172,601	-	1,664,553	-
Total deductions	<u>975,601</u>	<u>1,436,327</u>	<u>660,364</u>	<u>2,468,805</u>	<u>1,375,094</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	<u>6,420</u>	<u>(152,864)</u>	<u>(214,251)</u>	<u>4,087,832</u>	<u>1,417</u>
FIDUCIARY NET POSITION, BEGINNING	<u>14,393</u>	<u>1,082,098</u>	<u>429,000</u>	<u>7,962,665</u>	<u>-</u>
FIDUCIARY NET POSITION, ENDING	<u>\$ 20,813</u>	<u>\$ 929,234</u>	<u>\$ 214,749</u>	<u>\$12,050,497</u>	<u>\$ 1,417</u>

Juvenile Center	Sheriff	Tax Assessor- Collector	Fines Collection	Medical Plan	Adult and Juvenile Probation	Total Custodial Funds
\$ -	\$ -	\$ 55,325,785	\$ -	\$ -	\$ -	\$ 55,325,785
3,141	119,428	-	452,163	-	-	5,046,214
-	1,245,043	-	-	62,825	2,093,765	3,401,633
-	-	-	-	-	-	139,498
-	-	-	-	-	-	6,033,765
<u>3,141</u>	<u>1,364,471</u>	<u>55,325,785</u>	<u>452,163</u>	<u>62,825</u>	<u>2,093,765</u>	<u>69,946,895</u>
-	-	55,353,743	-	-	-	55,353,743
3,141	112,115	-	452,567	-	-	5,248,923
-	1,055,489	-	-	68,546	1,722,621	2,846,656
-	-	-	-	-	-	397,937
-	-	-	-	-	-	1,837,154
<u>3,141</u>	<u>1,167,604</u>	<u>55,353,743</u>	<u>452,567</u>	<u>68,546</u>	<u>1,722,621</u>	<u>65,684,413</u>
-	196,867	(27,958)	(404)	(5,721)	371,144	4,262,482
-	613,167	290,262	294	59,050	523,606	10,974,535
<u>\$ -</u>	<u>\$ 810,034</u>	<u>\$ 262,304</u>	<u>\$ (110)</u>	<u>\$ 53,329</u>	<u>\$ 894,750</u>	<u>\$ 15,237,017</u>

THIS PAGE LEFT BLANK INTENTIONALLY

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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

Honorable County Judge
and County Commissioners
Harrison County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Harrison County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Harrison County, Texas' basic financial statements, and have issued our report thereon dated June 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Report on Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 17, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE OF TEXAS GRANT MANAGEMENT STANDARDS

Honorable County Judge
and County Commissioners
Harrison County, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Harrison County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the (OMB) Compliance Supplement and the State of Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2024. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and TxGMS. Our responsibilities under those standards, the Uniform Guidance, and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas Grant Management Standards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon, dated June 17, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and TxGMS 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 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 schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 17, 2025

HARRISON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Pass-through Grantor's Number	Assistance Listing Number	Total Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS				
<u>U.S. Department of Justice</u>				
Direct Program:				
Sheriff SCAAP Grant	2019-H1174-TX-AP	16.606	\$ 10,895	\$ -
<i>Total Direct Program</i>			<u>10,895</u>	<u>-</u>
Passed through the Office of the Governor:				
Justice Assistance Grant Program	2009-SB-B9-2139	16.738	<u>15,654</u>	<u>-</u>
<i>Total Passed through the Office of the Governor</i>			<u>15,654</u>	<u>-</u>
<i>Total U.S. Department of Justice</i>			<u>26,549</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Direct Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	SLFRP3260	21.027	<u>2,366,727</u>	<u>-</u>
<i>Total Direct Program</i>			<u>2,366,727</u>	<u>-</u>
<i>Total U.S. Department of Treasury</i>			<u>2,366,727</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the Texas Juvenile Probation Commission:				
Epidemiology and Laboratory Capacity for Infectious Disease	HHS001193700016	93.323	<u>1,967,727</u>	<u>-</u>
<i>Total Passed through the Texas Juvenile Probation Commission</i>			<u>1,967,727</u>	<u>-</u>
Passed through the Texas Department of Family and Protective Services:				
Title IV-E Other Administration Legal Services	HHS002851000048	93.658	<u>10,598</u>	<u>-</u>
<i>Total Passed through the Texas Department of Family and Protective Services</i>			<u>10,598</u>	<u>-</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>1,978,325</u>	<u>-</u>
<i>Total Federal Awards</i>			<u>\$ 4,371,601</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

HARRISON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

State Grantor/ Program Title	Pass-through Grantor's Number	State Expenditures
STATE AWARDS		
<u>Texas Office of the Governor - Criminal Justice Division</u>		
Bullet Resistant Shields	4595501	\$ 158,159
<i>Total Texas Office of the Governor - Criminal Justice Division</i>		<u>158,159</u>
<u>Texas Department of Transportation</u>		
RAMP	20CRMARSH	69,000
RAMP	2219MARSH	21,286
RAMP	M2419MARS	50,000
AWOS	21AWMARSH	69,000
<i>Total Texas Department of Transportation</i>		<u>209,286</u>
<u>Texas Statewide Tobacco Education and Prevention Program</u>		
CPA Tobacco Compliance Grant 2012	N/A	19,214
<i>Total Texas Statewide Tobacco Education and Prevention Program</i>		<u>19,214</u>
<u>Texas State University</u>		
Tobacco Sting Grant	TXST-IA-2024-9933-TSSC	31,750
<i>Total Texas State University</i>		<u>31,750</u>
<u>Texas Indigent Defense Commission</u>		
Indigent Defense Formula Grant	212-12-102	12,032
<i>Total Texas Indigent Defense Commission</i>		<u>12,032</u>
<u>Texas Comptroller of Public Accounts</u>		
Rural Law Enforcement Salary Assistance Program	IA-0000000339	275,000
Rural Law Enforcement Salary Assistance Program	IA-0000000171	500,000
<i>Total Texas Comptroller of Public Accounts</i>		<u>775,000</u>
<u>Office of the Attorney General</u>		
Texas Victim Information and Notification Everyday (VINE)	C-01094	22,275
<i>Total Office of the Attorney General</i>		<u>22,275</u>
<i>Total Expenditures of State Awards</i>		<u>1,227,716</u>
<i>Total Expenditures of Federal and State Awards</i>		<u>\$ 5,599,317</u>

The accompanying notes are an integral part of this schedule.

HARRISON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State of Texas Grant Management Standards (TxGMS). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Summary of Significant Accounting Policies

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of the County. The County's reporting entity is defined in Note I of the basic financial statements. Federal and state awards received directly from federal and state agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

Note 3 - Indirect Costs

The County has elected not to use the de minimis indirect cost rate as allowed in the *Uniform Guidance*.

HARRISON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

None

Identification of major programs:

Assistance Listing Number

21.027

Name of Federal Program or Cluster:

COVID-19 - Coronavirus State and Local Fiscal Recovery Fund

93.323

Epidemiology and Laboratory Capacity for Infectious Disease

State major program

Rural Law Enforcement Salary Assistance Program

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

No

Findings Related to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs Related to Federal Awards

None

HARRISON COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Award Finding:

Item 2023-001 Coronavirus State and Local Fiscal Recovery Fund, ALN 21.027

<u>Type</u>	Significant Deficiency
<u>Compliance Requirement</u>	Reporting
<u>Criteria</u>	The U.S. Department of Treasury <i>SLFRF Compliance and Reporting Guidance</i> requires the County prepare quarterly submissions of the <i>Project and Expenditure Report</i> . The 2023 Compliance Supplement identifies multiple Key Line Items in the report, including cumulative expenditures and current period expenditures. Internal control should be established and maintained to provide reasonable assurance that these requirements are complied with by submitting the reports accurately.
<u>Condition</u>	For the first two quarters of the fiscal year under audit, the <i>Project and Expenditure Report</i> reported cumulative expenditures as program income, and the total obligation was reported as cumulative expenditures before the amounts had actually been spent.
<u>Cause</u>	The County followed a process for reviewing the reports and understanding program requirements; however, the new and emerging nature of the program and related guidance limited the internal knowledge necessary to identify the errors.
<u>Effect</u>	Required reports submitted to the Federal Agency contained inaccuracies to identified key elements.
<u>Recommendation</u>	We recommend that the County expand its review process for key reports to consider if new or emerging funding merits additional staff training or the engagement of outside assistance.
<u>Management's Response</u>	We agree with the finding and have initiated discussions to provide training and implement procedures to ensure compliance. The last two quarterly reports prepared and sent to the U.S. Department of Treasury during fiscal year 2023 were corrected.
<u>Current Status:</u>	This was resolved during fiscal year 2023.