

STERLING COUNTY,
TEXAS

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2023



Roberts & McGee CPA

STERLING COUNTY, TEXAS
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INDEPENDENT AUDITOR'S REPORT

To the Commissioners Court
Sterling County, Texas:

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Sterling 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 substantially doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Sterling County Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the overall appropriateness of accounting policies used and the reasonableness of significant 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 Sterling 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 information on pages 4-10 and 39-44 be presented to supplement the basic financial statements. Such information, 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 Sterling County, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Roberts + McGee, CPA
Roberts & McGee, CPA

Abilene, Texas
February 8, 2024

**STERLING COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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

Financial Highlights

Government-Wide Financial Statements

- The assets of the governmental activities of Sterling County exceeded its liabilities at the close of the most recent fiscal year by \$14,255,705 (*net position*). Of this amount, \$4,977,893 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens. \$7,288,996 of the County's equity is invested in capital assets, net of related debt; and \$1,988,816 of the County's equity is restricted for special revenue funds and debt service.
- The assets of the business-type activities of Sterling County exceeded its liabilities at the close of the most recent fiscal year by \$3,143,838 (*net position*). Of this amount, \$1,289,452 (*unrestricted*) may be used to meet the government's ongoing obligations. \$1,854,386 of the County's equity is invested in capital assets.
- The net position (*equity*) of the governmental activities of the County increased by \$393,364 during the 2023 fiscal year, and net position (*equity*) of the business-type activities of the County increased by \$1,235,101 during the 2023 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, Sterling County's general fund reported an ending unassigned fund balance of \$4,277,180. This fund balance reflects a decrease of \$594,803 over the prior year unassigned fund balance.
- In the road & bridge fund, the fund balance increased \$93,681 for the current year.
- The proprietary fund which reports on the operations of the nursing home reflects an increase in net position for the current year of \$1,235,101.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The government-wide financial statements reflect functions of Sterling County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Sterling County include general administration, judicial, legal, public facilities, road and bridge, public safety, health and welfare, and other supported services. The government-wide financial statements can be found on pages 11-12 of this report.

**STERLING COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Fund Financial Statements

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

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

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

Sterling County has four governmental fund types which are the general fund, special revenue funds, capital projects fund, and debt service fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road & bridge fund, capital projects fund, and debt service fund, which are considered to be major funds. Data from the other non-major governmental funds is combined into the aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements. The governmental fund financial statements can be found on pages 13-18 of this report.

Sterling County adopts an annual appropriated budget for the general fund, the road & bridge fund, and various other special revenue funds. Budgetary comparison schedules have been provided for the general fund and the road & bridge fund to demonstrate compliance with the budgets on pages 39-40.

Proprietary funds. Sterling County maintains one proprietary fund which is the Nursing Home Fund. This fund charges for the services it provides to residents of the nursing home. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's proprietary fund is the same as the business-type activities reported in the government-wide statements, but it provides more detail and additional information, such as cash flows, for the proprietary fund. The proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other governmental units. The County's fiduciary funds are all reported as agency funds. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's basic programs. The basic agency fund financial statements can be found on pages 22-23.

**STERLING COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-38 of this report.

Other information. The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information. These statements can be found on pages 45-48 of this report. Combining financial statements for the aggregated component units are also provided as other supplemental information and can be found on pages 49-50.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Sterling County, assets exceeded liabilities by \$14,255,705 in the governmental activities and \$3,143,838 in the business-type activities at the close of the most recent fiscal year.

\$9,143,382 of Sterling County's total net position (53 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of related debt. Sterling County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Sterling County's Net Position

	Governmental Activities	
	2023	2022
Current assets	\$ 13,569,095	\$ 16,586,398
Non-current assets	9,880,703	8,212,911
Total Assets	23,449,798	24,799,309
Deferred Outflows - Pension	758,108	181,028
Total Assets and Deferred Outflows	24,207,906	24,980,337
Current liabilities	1,190,575	1,131,776
Long-term liabilities	7,977,046	9,054,949
Total Liabilities	9,167,621	10,186,725
Deferred Inflows	784,580	931,271
Total Liabilities and Deferred Inflows	9,952,201	11,117,996
Net investment in capital assets	7,288,996	6,608,151
Restricted	1,988,816	1,846,352
Unrestricted	4,977,893	5,407,838
Total Net Position	\$ 14,255,705	\$ 13,862,341

**STERLING COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Sterling County's Changes in Net Position

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for services	\$ 644,740	\$ 798,221
Operating grants & contributions	165,921	270,428
General Revenues		
Property taxes	4,924,872	4,900,442
Investment earnings	259,092	41,381
Other income	109,982	80,480
Transfers	(1,626,100)	(756,215)
Total Revenues	4,478,507	5,334,737
Expenses		
General government	852,488	871,597
Road and bridge	869,984	946,518
County judge	89,303	90,082
County and district clerk	162,913	159,965
Justice of the peace	104,163	104,001
County attorney	89,969	91,217
County treasurer	72,483	72,201
County tax collector	104,296	103,829
County building operations	240,394	212,106
County sheriff	543,654	630,596
County agent	9,194	74,780
Trapper	76,598	76,800
Senior citizens	38,600	37,400
Volunteer fire department	156,770	170,733
EMS	369,483	363,493
Clinic	161,556	260,160
Interest and debt issuance costs	143,295	153,282
Total expenses	4,085,143	4,418,760
Change in Net Position	393,364	915,977
Beginning Net Position	13,862,341	12,946,364
Ending Net Position	\$ 14,255,705	\$ 13,862,341

**STERLING COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

	<u>Business-Type Activities</u>	
	<u>2023</u>	<u>2022</u>
Current assets	\$ 838,209	\$ 1,006,513
Non-current assets	2,403,556	1,949,232
Total Assets	<u>3,241,765</u>	<u>2,955,745</u>
Deferred Outflows - Pension	897,149	214,229
Total Assets and Deferred Outflows	<u>4,138,914</u>	<u>3,169,974</u>
Current liabilities	122,463	274,607
Total Liabilities	<u>122,463</u>	<u>274,607</u>
Unearned grant revenue		
Deferred Inflows - Pension	817,782	986,630
Total Liabilities and Deferred Inflows	<u>940,245</u>	<u>1,261,237</u>
Net investment in capital assets	1,854,386	709,522
Unrestricted	1,289,452	1,199,215
Total Net Position	<u>\$ 3,143,838</u>	<u>\$ 1,908,737</u>

	<u>Business-Type Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 2,286,147	\$ 1,779,226
Operating grants & contributions	722,054	568,784
General Revenues		
Other revenue	107,407	78,429
Transfers	1,626,100	756,215
Total Revenues	<u>4,741,708</u>	<u>3,182,654</u>
Expenses		
Nursing home	3,506,607	3,082,084
Total expenses	<u>3,506,607</u>	<u>3,082,084</u>
Change in Net Position	1,235,101	100,570
Beginning Net Position	<u>1,908,737</u>	<u>1,808,167</u>
Ending Net Position	<u>\$ 3,143,838</u>	<u>\$ 1,908,737</u>

**STERLING COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

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

As of the end of the current fiscal year, Sterling County's governmental general fund reported an ending fund balance of \$4,415,211 which is generally unassigned and available for spending at the County's discretion. The road and bridge fund reported an ending fund balance of \$1,292,614 which is restricted for road and bridge operations.

Fund Budgetary Highlights

The original budget for the general fund reflected a balanced budget. The budget was amended during the year and the amended budget reflected a deficit of \$889,331. The actual expenditures were \$216,317 less than the final budgeted amounts, and actual revenues were \$77,133 more than was budgeted.

The original and the final amended budgets for the road and bridge fund reflect a balanced budget. The actual expenditures were \$45,213 less than the final budgeted amounts, and actual revenues were \$48,468 more than was budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Sterling County's investment in capital assets for its governmental activities amounts to \$9,416,646 (net of accumulated depreciation), and the investment in capital assets for its business-type activities amounts to \$1,854,386 (net of accumulated depreciation) as of September 30, 2023. This investment in capital assets includes land, buildings and improvements, infrastructure, and equipment.

**Sterling County's Capital Assets
(net of depreciation)**

	Governmental Activities	
	2023	2022
Land	\$ 6,238	\$ 6,238
Buildings and improvements	626,782	762,697
Infrastructure	2,868,013	2,983,362
Equipment	1,007,878	1,155,778
Vehicles	824,306	905,882
Right of use asset	16,011	
Construction in progress	4,067,418	1,419,737
Total	\$ 9,416,646	\$ 7,233,694

**STERLING COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

**Sterling County's Capital Assets
(net of depreciation)**

	Business-Type Activities	
	2023	2022
Buildings and improvements	\$ 780,220	\$ 691,864
Furniture and equipment	20,932	17,658
Construction in progress	1,053,234	
Total	\$ 1,854,386	\$ 709,522

Additional information on Sterling County's capital assets can be found in Note 6 on pages 31 and 32 of this report.

Debt Administration

Sterling County has long term debt in the form of general obligation bonds within the governmental activities of the County. As of September 30, 2023 the outstanding debt in the governmental activities totaled \$8,960,271.

Additional information on Sterling County's long-term debt can be found in Note 7 on page 33 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sterling County adopted a 2023 property tax rate effective for its 2024 fiscal year of \$0.579706 per \$100 property valuation. This is compared to the 2022 tax rate of \$0.526747 per \$100 property valuation. The 2023 tax rate includes a rate of \$0.456747 for maintenance and operations and \$0.122958 for debt services. The 2022 tax rate includes a rate of \$0.390419 for maintenance and operations and \$0.136328 for debt service.
- The 2024 fiscal year budget was approved by the County in September 2023. The General Fund budgeted revenues for FY 2024 are \$4,078,724 which is comparable to the FY 2023 budgeted revenues of \$3,966,711.

Requests for Information

This financial report is designed to provide a general overview of Sterling County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Treasurer, Sterling County, Box 819, Sterling City, Texas 76951.

BASIC FINANCIAL STATEMENTS

STERLING COUNTY, TEXAS
STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
ASSETS				
Current:				
Cash and cash investments	\$ 11,634,706	\$ 68,710	\$ 11,703,416	\$ 63,643
Investments	1,620,000		1,620,000	
Property tax receivable, net	28,709		28,709	
Accounts receivable, net	72,727	271,264	343,991	
Accrued interest receivable	5,189		5,189	
Grant receivable		406,979	406,979	
Other receivables	29,483		29,483	
Prepaid insurance	178,281	91,250	269,531	
Total current assets	<u>13,569,095</u>	<u>838,203</u>	<u>14,407,298</u>	<u>63,643</u>
Non-current:				
Capital assets				
Non-depreciable capital assets	4,073,656	1,053,234	5,126,890	
Depreciable capital assets, net	5,342,990	801,152	6,144,142	355,335
Net pension asset	464,057	549,170	1,013,227	
Total non-current assets	<u>9,880,703</u>	<u>2,403,556</u>	<u>12,284,259</u>	<u>355,335</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	758,108	897,149	1,655,257	
Total Assets and Deferred Outflows of Resources	<u>24,207,906</u>	<u>4,138,908</u>	<u>28,346,814</u>	<u>418,978</u>
LIABILITIES				
Current:				
Accounts payable	113,889	54,825	168,714	1,910
Accrued payroll expenses		111,384	111,384	
Accrued interest expense	25,712		25,712	
Due to other governmental entities	67,749		67,749	
Due to others		11,079	11,079	
Long term liabilities:				
Due within one year	983,225		983,225	
Due after one year:				
Right of use liabilities	10,002		10,002	
Tax and general obligation bonds	7,967,044		7,967,044	
Total Liabilities	<u>9,167,621</u>	<u>177,288</u>	<u>9,344,909</u>	<u>1,910</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned grant revenue	93,540		93,540	
Deferred inflows - pension	691,040	817,782	1,508,822	
Total Deferred Inflows of Resources	<u>784,580</u>	<u>817,782</u>	<u>1,602,362</u>	
NET POSITION				
Net investment in capital assets	7,288,996	801,152	8,090,148	355,335
Restricted	1,988,816		1,988,816	
Unrestricted	4,977,893	2,342,686	7,320,579	61,733
Total Net Position	<u>\$ 14,255,705</u>	<u>\$ 3,143,838</u>	<u>\$ 17,399,543</u>	<u>417,068</u>

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

STERLING COUNTY, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Program Revenue				Primary Government		Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 852,488	\$ 22,640	\$ 136,473	\$	\$ (693,375)		
Road and bridge	869,984	106,217	6,161		(757,606)		
County judge	89,303	18,677	16,511		(54,115)		
County and district clerk	162,913	27,287	4,768		(130,858)		
Justice of the peace	104,163	342,538			238,375		
County attorney	89,969				(89,969)		
County treasurer	72,483				(72,483)		
County tax collector	104,296	15,798			(88,498)		
County building operations	240,394				(240,394)		
County sheriff	543,654	1,654	2,008		(539,992)		
County agent	9,194				(9,194)		
Trapper	76,598				(76,598)		
Senior citizens	38,600				(38,600)		
Volunteer fire department	156,770				(156,770)		
EMS	369,483	109,929			(259,554)		
Clinic	161,556				(161,556)		
Interest and debt issuance costs	143,295				(143,295)		
Total governmental activities	<u>4,085,143</u>	<u>644,740</u>	<u>165,921</u>		<u>(3,274,482)</u>		
Business-type activities:							
Nursing home operations	<u>3,506,607</u>	<u>2,286,147</u>	<u>722,054</u>			\$ (498,406)	
Total business-type activities	<u>3,506,607</u>	<u>2,286,147</u>	<u>722,054</u>			<u>(498,406)</u>	
Total Primary Government	<u>\$ 7,591,750</u>	<u>\$ 2,930,887</u>	<u>\$ 887,975</u>		<u>(3,274,482)</u>	<u>(498,406)</u>	
Component Units:							
Fire Department	\$ 68,533	\$	\$ 108,132	\$			\$ 39,599
Senior Citizens	61,306	6,717	39,949				(14,640)
Total component units	<u>\$ 129,839</u>	<u>\$ 6,717</u>	<u>\$ 148,081</u>	<u>\$</u>			<u>24,959</u>
General revenues:							
Property taxes					4,924,872		
Investment earnings					259,092	53	16
Other income					109,982	107,354	15
Transfers					(1,626,100)	1,626,100	
Total general revenues					<u>3,667,846</u>	<u>1,733,507</u>	<u>31</u>
Change in net position					393,364	1,235,101	24,990
Net position - beginning					13,862,341	1,908,737	392,078
Net position - ending					<u>\$ 14,255,705</u>	<u>\$ 3,143,838</u>	<u>\$ 417,068</u>

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

STERLING COUNTY, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	General Fund	Road & Bridge Fund	American Rescue Grant Fund	Capital Projects Fund
ASSETS				
Cash and cash investments	\$ 3,002,467	\$ 1,294,471	\$ 56,138	\$ 6,880,036
Investments	1,300,000			
Due from agency funds	29,483			
Property tax receivable, net	22,832			
Accounts receivable, net	70,159	2,568		
Accrued interest receivable	4,869			
Prepaid expenses	138,031	-	40,250	
Total Assets	\$ 4,567,841	\$ 1,297,039	\$ 96,388	\$ 6,880,036
 LIABILITIES				
Liabilities:				
Accounts payable	\$ 62,049	\$ 4,425	\$	\$ 47,415
Accrued interest payable				
Due to state	67,749			
Total liabilities	129,798	4,425	-	47,415
 DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property tax	22,832			
Deferred revenue - grant funds			93,540	
Total deferred inflows of resources	22,832	-	93,540	-
 FUND BALANCE				
Nonspendable for prepaids	138,031	-	40,250	
Restricted:				
Special revenue		1,292,614		
Capital projects				6,832,621
Debt service				
Unassigned	4,277,180		(37,402)	
Total fund balance	4,415,211	1,292,614	2,848	6,832,621
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,567,841	\$ 1,297,039	\$ 96,388	\$ 6,880,036

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

STERLING COUNTY, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash investments	\$ 55,268	\$ 346,326	\$ 11,634,706
Investments		320,000	1,620,000
Due from agency funds		-	29,483
Property tax receivable, net	5,877		28,709
Accounts receivable, net			72,727
Accrued interest receivable		320	5,189
Prepaid insurance			178,281
Total Assets	<u>\$ 61,145</u>	<u>\$ 666,646</u>	<u>\$ 13,569,095</u>
 LIABILITIES			
Liabilities:			
Accounts payable	\$	\$ -	\$ 113,889
Accrued interest payable	25,712		25,712
Due to state			67,749
Total liabilities	<u>25,712</u>	<u>-</u>	<u>207,350</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	5,877		28,709
Deferred revenue - grant revenue			93,540
Total deferred inflows of resources	<u>5,877</u>	<u>-</u>	<u>122,249</u>
 FUND BALANCE			
Nonspendable for prepaids			178,281
Restricted:			
Special revenue		666,646	1,959,260
Capital projects			6,832,621
Debt service	29,556		29,556
Unassigned		-	4,239,778
Total fund balance	<u>29,556</u>	<u>666,646</u>	<u>13,239,496</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 61,145</u>	<u>\$ 666,646</u>	<u>\$ 13,569,095</u>

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

STERLING COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

Total fund balances - governmental funds	\$	13,239,496
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds balance sheet. At the beginning of the year, the cost of these assets was \$12,071,208 and the accumulated depreciation was \$4,905,872.</p>		7,165,336
<p>Current year capital outlays are expenditures in the fund financial statements, but are shown as increases to capital assets in statement of net position.</p>		2,820,106
<p>Depreciation expense decreases net position, but is not recorded in the fund financial statements.</p>		(568,796)
<p>Long term debt is not due and payable in the current period and, therefore, it is not reported in governmental funds. Long term debt is recognized in the government-wide statements which decreases net position.</p>		(8,960,271)
<p>Deferred revenue are recorded in the fund financial statements, but the revenue is recognized in the governmental-wide financial statements.</p>		28,709
<p>Included on the government-wide financial statements is the recognition of the County's proportionate share of the net pension asset of \$464,057, and a deferred outflow of resources of \$758,108, and a deferred inflow of \$691,040. The net effect is to increase net position.</p>		<u>531,125</u>
Net position of governmental activities - statement of net position	\$	<u><u>14,255,705</u></u>

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

STERLING COUNTY, TEXAS

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

	General Fund	Road & Bridge Fund	American Rescue Grant Fund	Capital Projects Fund
REVENUES				
Property taxes	\$ 3,096,682	\$ 573,355	\$	\$
Licenses and permits		104,354		
Fees	56,464	1,863		
Fines and forfeitures	334,883			
Investment earnings	161,696	53,512	2,328	21,537
Rental revenues	2,400			
Intergovernmental	132,461	6,161	4,012	
EMS revenue	109,929			
Miscellaneous	149,329	11,820		
Total revenues	4,043,844	751,065	6,340	21,537
EXPENDITURES				
Current:				
General government	672,234		4,012	
Road and bridge		657,384		
County judge	97,170			
County and district clerk	175,574			
Justice of the peace	112,679			
County attorney	97,625			
County treasurer	77,814			
County tax collector	111,128			
County building operations	247,504			
County sheriff	529,262			
County agent	2,618			
Trapper	76,800			
Senior citizens	38,600			
Volunteer fire department	34,955			
Clinic	157,686			
EMS	344,717			
Capital outlay	223,592			2,647,681
Debt service	3,481			
Total expenditures	3,003,439	657,384	4,012	2,647,681
Excess (deficiency) of revenues over expenditures	1,040,405	93,681	2,328	(2,626,144)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of lease	19,214			
Transfers in (out)	(1,626,100)			
Total other financing sources (uses)	(1,606,886)			
Net Change in Fund Balance	(566,481)	93,681	2,328	(2,626,144)
Fund Balance - Beginning	4,981,692	1,198,933	520	9,458,765
Fund Balance - Ending	\$ 4,415,211	\$ 1,292,614	\$ 2,848	\$ 6,832,621

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

STERLING COUNTY, TEXAS

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

	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
REVENUES			
Property taxes	\$ 1,217,465	\$ 39,402	\$ 4,926,904
Licenses and permits			104,354
Fees		34,847	93,174
Fines and forfeitures			334,883
Investment earnings	5,737	14,282	259,092
Rental revenues			2,400
Intergovernmental		23,287	165,921
EMS revenue			109,929
Miscellaneous			161,149
Total revenues	<u>1,223,202</u>	<u>111,818</u>	<u>6,157,806</u>
EXPENDITURES			
Current:			
General government		71,531	747,777
Road and bridge			657,384
County judge			97,170
County and district clerk			175,574
Justice of the peace			112,679
County attorney			97,625
County treasurer			77,814
County tax collector			111,128
County building operations			247,504
County sheriff			529,262
County agent			2,618
Trapper			76,800
Senior citizens			38,600
Volunteer fire department			34,955
Clinic			157,686
EMS			344,717
Capital outlay			2,871,273
Debt service	1,214,706		1,218,187
Total expenditures	<u>1,214,706</u>	<u>71,531</u>	<u>7,598,753</u>
Excess (deficiency) of revenues over expenditures	<u>8,496</u>	<u>40,287</u>	<u>(1,440,947)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt			19,214
Transfers in (out)	-	-	(1,626,100)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,606,886)</u>
Net Change in Fund Balance	8,496	40,287	(3,047,833)
Fund Balance - Beginning	21,060	626,359	16,287,329
Fund Balance - Ending	<u>\$ 29,556</u>	<u>\$ 666,646</u>	<u>\$ 13,239,496</u>

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

STERLING COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balance - governmental funds	\$	(3,047,833)
<p>Amounts reported for governmental activities in the statement of activities (SOA) are different because:</p>		
<p>Current year capital outlays are expenditures in the fund financial statements, but are shown as increases to capital assets in statement of net position.</p>		2,820,106
<p>Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense of \$568,796 is to decrease net position.</p>		(568,796)
<p>The current year issuance of long term debt provides current financial resources to governmental funds, while repayment of the principal of long term debt consumes the current financial resources of governmental funds. The net effect of recognizing current issuance and payments on long term debt in the government-wide financial statements is a net increase to the change in net position of \$1,055,678.</p>		1,055,678
<p>Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. The current year adjustment to revenue recognized in the government-wide financial statements is \$2,032. This results in an increase in net position</p>		(2,032)
<p>Certain expenditures for pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The County's share of the unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's proportionate share of the pension expense must be recognized. These cause the change in net position to increase in the amount of \$136,241.</p>		136,241
Net position of governmental activities - statement of net position	\$	393,364

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

STERLING COUNTY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND
 SEPTEMBER 30, 2023

	<u>Nursing Home</u>
ASSETS:	
Current Assets:	
Cash and cash investments	\$ 68,710
Accounts receivable, net	271,264
Grant receivable	406,979
Prepaid expense	<u>91,250</u>
Total Current Assets	<u>838,203</u>
Noncurrent Assets:	
Non-depreciable capital assets	1,053,234
Depreciable capital assets, net	801,152
Net pension asset	<u>549,170</u>
Total Noncurrent Assets	<u>2,403,556</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>897,149</u>
Deferred outflows - pension related	
Total Assets and Deferred Outflows of Resources	<u>4,138,908</u>
LIABILITIES:	
Accounts payable	54,825
Accrued payroll expenses	111,384
Due to others	<u>11,079</u>
Total Liabilities	<u>177,288</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension related	<u>817,782</u>
NET POSITION:	
Net investment in capital assets	801,152
Unrestricted	<u>2,342,686</u>
Total Net Position	<u>\$ 3,143,838</u>

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

STERLING COUNTY, TEXAS

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
 YEAR ENDED SEPTEMBER 30, 2023

	<u>Nursing Home</u>
OPERATING REVENUE:	
Resident revenue	\$ 2,285,670
State QIPP Funds, net	376,295
Other operating revenue	107,354
Donations	<u>477</u>
Total Operating Revenue	<u>2,769,796</u>
OPERATING EXPENSES:	
Nursing care staff	1,358,376
Nursing care supplies	57,061
Nursing consultants	23,673
Resident care	149,733
Therapy	205,096
Activities	28,041
Medical records	34,361
Dietary	321,202
Environmental services	157,050
Facility costs	214,360
Depreciation expense	72,027
Administration	444,171
Employee benefits	275,404
Management fee	165,000
Other operating costs	<u>1,052</u>
Total Operating Expenses	<u>3,506,607</u>
Operating Income	<u>(736,811)</u>
NON-OPERATING REVENUE (EXPENSES)	
Grant revenue	345,759
Interest income	53
Transfers in	<u>1,626,100</u>
Total Non-operating Revenue (Expenses)	<u>1,971,912</u>
CHANGE IN NET POSITION	1,235,101
NET POSITION - BEGINNING	<u>1,908,737</u>
NET POSITION - ENDING	<u><u>\$ 3,143,838</u></u>

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

STERLING COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2023

	<u>Nursing Home</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from resident services	\$ 2,237,220
Receipts from State QIPP Program	376,295
Payments to employees and related taxes and benefits	(2,441,586)
Payments to consultants and management company	(351,504)
Payments to suppliers	(352,620)
Payments to others	(566,986)
Net cash provided (used) by operating activities	<u>(1,099,181)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Grant funding	39,231
Operating transfers in	1,626,100
Net cash provided (used) by noncapital financing activities	<u>1,665,331</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(1,216,891)
Net cash provided (used) by capital and related financing activities	<u>(1,216,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	53
Net cash provided (used) by investing activities	<u>53</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(650,688)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>719,398</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>68,710</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (736,811)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	72,027
(Increase) decrease in accounts receivable	(155,588)
(Increase) decrease in prepaid assets	(20,262)
(Increase) decrease in pension related assets	(161,228)
Increase (decrease) in accounts payable	(128,462)
Increase (decrease) in accrued payroll	31,836
Increase (Decrease) in due to others	(693)
Net cash used by operating activities	<u><u>\$ (1,099,181)</u></u>

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

STERLING COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>2,524,799</u>
Total Assets	\$ <u><u>2,524,799</u></u>
 NET POSITION	
Restricted for other individuals and governments	\$ 2,488,933
Restricted for the county	<u>35,866</u>
Total Net Position	\$ <u><u>2,524,799</u></u>

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

STERLING COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Agency Funds</u>
ADDITIONS	
Tax, fines, and fee collections for other governments	\$ 16,906,008
Bond collections	11,000
Inmate funds	2,992
Interest income	626
Other collections	\$ 235
Total Additions	<u>16,920,861</u>
DEDUCTIONS	
Payments of tax, fines, and fees to others	\$ 16,904,416
Community services	2,133
Distribution of escrow funds	355
Distribution of bond payments	35,000
Other deductions	-
Total Deductions	<u>16,941,904</u>
Change in Net Position	(21,043)
Net Position - beginning of year	<u>2,545,842</u>
Net Position - end of year	<u>\$ 2,524,799</u>

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

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1: REPORTING ENTITY

Primary Government

Sterling County, Texas (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners Court, which is made up of four Commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government, road and bridge, County judge, County and District clerk, Justice of the Peace, County attorney, County treasurer, County tax collector, County building operations, nursing home operations, County sheriff, County agent, and trapper.

The accompanying basic financial statements present the government and its discretely presented component units defined according to criteria in GASB Statement No. 14, *The Financial Reporting Entity*.

Discretely Presented Component Units

The Senior Citizens Center is a non-profit entity which is subsidized by the County with operational funds and is utilizing county owned buildings to conduct services to the County. The Center is governed by a separate board which is not appointed by the County Commissioners but reports monthly to them.

The Sterling Volunteer Fire Department was organized in 1963 and is governed by a nine-person Board of Directors. The Fire Department is subsidized annually by the County. The principal functions of the Fire Department are to save lives and to protect property endangered by fire or other disasters in Sterling County, Texas.

NOTE 2: 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 of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

Separate financial statements are provided for proprietary and governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - continued

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, sales taxes, franchise taxes, and interest 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 period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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

Road & Bridge Fund - The Road & Bridge Fund accounts for financial resources restricted for the purpose of repairing roads and bridges and related expenditures.

Debt Service Fund - The Debt Service Fund is used to collect the property taxes to fund the County's debt payments and the expenditures related to debt service.

American Rescue Grant Fund - The American Rescue Grant Fund is a special revenue fund that is used to track the revenues and expenses from this grant program.

Capital Projects Fund - The Capital Projects Fund is used to spend the proceeds from issued debt to provide improvements to the County roads.

The County reports the following major proprietary fund:

Nursing Home Fund - This fund is used to account for the activities of the County's Nursing Home which is operated in a manner similar to a private business enterprise. The Nursing Home is supported by resident charges, state revenues, and subsidies from the County when needed to cover operational expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - continued

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenues include all taxes.

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

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. Formal budgetary accounting is not required for fiduciary funds. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

Budget Policies

The County follows the following procedures in establishing budgetary data reflected in the financial statements:

Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through adoption of an order by the Commissioners' Court. Budgets are adopted for all funds, and budget amendments are approved by the Commissioners' Court. All appropriations lapse at year end.

Property Taxes

Property tax revenues are considered available when collected within the current period. The County levies property taxes prior to September 30 and become due on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by January 31 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The County is permitted by the Municipal Finance Law of the State to levy taxes up to \$1.20 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal established by the Attorney General of the State of Texas. The tax rate for the year ended September 30, 2023 was \$.526747 per \$100 valuation.

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

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - continued

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads and bridges) are reported in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The County capitalizes all capital outlay expenditures over \$5,000.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	50
Furniture and equipment	5-15
Infrastructure	20

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 deferred outflows of resources for the differences between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the County has deferred inflows of resources for the differences between expected and actual experience related to the valuation of the County's net pension asset. In the governmental fund financial statements, the County has deferred inflows of resources related to the timing of the receipts from property taxes.

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the governmental activities. The long-term debt of the County includes bonds payable.

Interfund Activity

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

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - continued

Statement of Cash Flows

For purposes of the statement of cash flows, all cash and cash investments with a maturity of three months or less are considered to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County had \$178,281 classified as nonspendable at September 30, 2023.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Federal or state funds are restricted for use only for a specific use. The County had \$1,292,614 restricted for road and bridge repairs, \$6,832,521 restricted for capital improvements, \$666,646 for special revenue projects, and \$29,556 for future debt service requirements at year end.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the County Commissioners' intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners or through the Commissioners delegating this responsibility to management through the budgetary process. The County has no funds classified as assigned at September 30, 2023.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - continued

The County would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension asset, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable accordance with the benefit terms. Investments are reported at fair value.

NOTE 4: DEPOSITS AND INVESTMENTS

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

Cash Deposits

Primary Government - At September 30, 2023, the carrying amount of the County's deposits and certificates of deposit was \$13,323,416. The bank balance at September 30, 2023, was \$14,090,241. The County's cash deposits and certificates of deposit at September 30, 2023, were entirely covered by FDIC insurance and by pledged collateral held by the County's agent bank in the County's name.

Investments

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

Statutes authorize the County to invest in 1) obligations of the U.S. Treasury or the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit.

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4: DEPOSITS AND INVESTMENTS – continued

The County’s investments at September 30, 2023 are as follows:

	Cost Basis	Fair Value
Governmental Activities:		
General Fund		
Certificates of Deposit	\$ 1,300,000	\$ 1,300,000
Special Revenue Fund		
Certificates of Deposit	320,000	320,000
Total Investments	\$ 1,620,000	\$ 1,620,000

Analysis of Specific Deposit and Investment Risk

Interest rate risk: In accordance with its investment policy, the county manages its exposure to declines in fair values by limiting the weighted average maturity portfolio to 180 days. The maximum allowable stated maturity of any individual investment owned by the county shall not exceed three years from the time of purchase. The commissioners may specifically authorize a longer maturity for a given investment within legal limits.

Credit risk: State law and County policy limit investments in public funds investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2023, the County had \$1,620,000 in investments.

Concentration of credit risk: The County’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk: Custodial credit risk is the risk that deposits are exposed to if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the County’s name. At September 30, 2023, the County was not exposed to custodial credit risk.

NOTE 5: FINANCIAL INSTRUMENTS

The County has estimated that the fair value of all financial instruments (none of which is held for trading purposes) at September 30, 2023, does not differ materially from their aggregate carrying values recorded in the accompanying statement of financial position. The estimate is based on the assumption that fair value approximates carrying values due to short initial maturities. Financial instruments consist of cash, accounts receivables, prepaid expenses, accounts payable, and payroll liabilities.

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6: CAPITAL ASSETS

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 6,238	\$	\$	\$ 6,238
Construction in progress	1,419,737	2,647,681		4,067,418
Total capital assets not being depreciated	1,425,975	2,647,681	-	4,073,656
Capital assets being depreciated				
Buildings and improvements	1,697,130	-		1,697,130
Furniture and equipment	2,953,102	75,946		3,029,048
Vehicles	1,985,118	128,433	(123,396)	1,990,155
Infrastructure	4,009,883	-		4,009,883
Right of use assets		19,214		19,214
Total capital assets being depreciated	10,645,233	223,593	(123,396)	10,745,430
Less accumulated depreciation for:				
Buildings and improvements	(1,002,792)	(67,556)	-	(1,070,348)
Furniture and equipment	(1,797,324)	(223,846)	-	(2,021,170)
Vehicles	(1,079,236)	(158,842)	72,229	(1,165,849)
Infrastructure	(1,026,520)	(115,350)	-	(1,141,870)
Right of use assets		(3,203)		(3,203)
	(4,905,872)	(568,797)	72,229	(5,402,440)
Governmental activities capital assets, net	\$ 7,165,336	\$ 2,302,477	\$ (51,167)	\$ 9,416,646

Depreciation was charged to the functions as follows:

Road and bridge	\$ 234,166
County agent	6,684
County sheriff	40,617
General government	82,024
Volunteer fire department	121,815
Family clinic	12,401
Elections	22,938
EMS	48,152
Total depreciation expense - governmental activities	\$ 568,797

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6: CAPITAL ASSETS – continued

	Beginning Balance	Additions	Disposals	Ending Balance
Business type activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 1,053,234	\$ -	\$ 1,053,234
Total capital assets not being depreciated	-	1,053,234	-	1,053,234
Capital assets being depreciated				
Buildings and improvements	1,921,658	143,907		2,065,565
Furniture and equipment	284,809	19,750		304,559
Total capital assets being depreciated	2,206,467	163,657	-	2,370,124
Less accumulated depreciation for:				
Buildings and improvements	(1,229,793)	(55,552)		(1,285,345)
Furniture and equipment	(267,152)	(16,475)		(283,627)
	(1,496,945)	(72,027)	-	(1,568,972)
Business-type activities capital assets, net	\$ 709,522	\$ 1,144,864	\$ -	\$ 1,854,386

	Beginning Balance	Additions	Disposals	Ending Balance
Discretely Presented Component Units:				
Capital assets being depreciated				
Buildings and improvements	\$ 455,642	\$ 12,787	\$ -	\$ 468,429
Furniture and equipment	362,286	59,181		421,467
Total capital assets being depreciated	817,928	71,968	-	889,896
Less accumulated depreciation for:				
Buildings and improvements	(228,539)	(12,885)		(241,424)
Furniture and equipment	(257,870)	(35,267)		(293,137)
	(486,409)	(48,152)	-	(534,561)
Discretely Presented Component Units Capital assets, net	\$ 331,519	\$ 23,816	\$ -	\$ 355,335

Depreciation was charged to the functions as follows:

Sterling County Senior Center	\$ 11,845
Sterling Volunteer Fire Department	36,307
	\$ 48,152

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7: LONG TERM OBLIGATIONS

A summary of changes in long term debt are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Tax Notes				
Series 2021	\$ 1,076,000	\$	\$ (176,000)	\$ 900,000
Certificates of Obligation				
Series 2021	7,945,000		(785,000)	7,160,000
Reoffering premium	994,949		(110,905)	884,044
Right of use liabilities		19,214	(2,987)	16,227
	<u>\$ 10,015,949</u>	<u>\$ 19,214</u>	<u>\$ (1,074,892)</u>	<u>\$ 8,960,271</u>

The county issued Tax Note Series 2021 on May 1, 2021 in the amount of \$1,250,000. The tax note has interest and principal payments due in February and August each year with a maturity date of August 15, 2028. The County also issued General Obligation Bonds of \$8,715,000 with a net reoffering premium of \$1,105,055 on July 12, 2021. The bonds were issued to provide funds for major road improvements within the County. The bonds call for interest and principal payments in February and August each year with a maturity on February 15, 2031.

The annual aggregate maturities for the governmental activities at September 30, 2023 are as follows:

Year Ended September 30	Principal	Interest	Total
2024	\$ 983,225	236,011	1,219,236
2025	1,009,576	214,220	1,223,796
2026	1,033,426	187,421	1,220,847
2027	1,056,000	159,775	1,215,775
2028	1,084,000	131,050	1,215,050
2029-2032	2,910,000	177,800	3,087,800
	<u>\$ 8,076,227</u>	<u>1,106,277</u>	<u>9,182,504</u>

NOTE 8: LEASES

The County is a lessee in a noncancelable operating lease for the right to use radio equipment. The county has recorded a right to use asset and liability at the lease commencement data based on the present value of the future lease payments over the expected lease terms. The right of use asset is amortized on a straight-line basis over the life of the lease, and the asset is recognized on the statement of net position with depreciable capital assets. The lease liability is calculated based on the present value of the non-cancelable payments over the term of the lease and is recognized as a right to use liability on the statement of net position.

The lease began in April 2023 and calls for monthly payments of \$580.17 through March 2026. The details of the lease are as follows:

Description	Date	Payment Terms	Payment Amount	Imputed Interest Rate	Balance at September 30, 2023
Radar Units	1/11/2023	36 Months	\$ 580	5.50%	\$ 16,227

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8: LEASES – continued

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
September 30				
2024	\$	6,225	\$ 737	6,962
2025		6,576	386	6,962
2026		3,426	55	3,481
	\$	<u>16,227</u>	<u>\$ 1,178</u>	<u>\$ 17,405</u>

NOTE 9: RETIREMENT PLAN

Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Commissioners are responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of almost 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members employed by Sterling County can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of employment but must leave their accumulated contributions in the plan to receive any employer-financed benefits.

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 County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, 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. There are no automatic post-employment benefit changes; including automatic COLA’s. Ad hoc post-employment benefit changes, including ad hoc COLA’s, can be granted by the County Commissioners within certain guidelines.

Membership

County membership in the TCDRS plan at December 31, 2022 consisted of the following:

Inactive employees receiving benefits	50
Inactive employees not yet receiving benefits	198
Active employees	109

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9: RETIREMENT PLAN - continued

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the county is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

The rate the County contributed for the months of the accounting year in 2022 and 2023 were 10.67% and 9.40% respectively. The deposit rate payable by the employee members for the calendar year 2022 and 2023 is the rate of 7.00% as adopted by the governing body of the County. The total retirement contributions made by the County for the fiscal year ended September 30, 2023 were \$292,193.

Actuarial Assumptions

The total pension asset at December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age
Amortization Method	Straight line amortization over Expected Working Life
Remaining Amortization Period	0.0 Years (based on contribution rate calculated in 12/31/22 valuation)
Inflation Rate	2.50%
Asset Valuation Method	5 year smoothed market
Discount Rate	7.60%
Long-term expected Investment Rate of Return	7.50%, net of investment expenses
Salary increases	4.7% average over career including inflation

The actuarial assumptions that determined the total pension liability as of December 31, 2022 were based on the results of an actuarial experience study from 2017-2020, except where required to be different by GASB 68.

There were no changes in assumptions or methods reflected in the December 31, 2022 actuarial valuation. There were no changes on benefit terms that affected measurement of the total pension liability during the measurement period. Refer to the most recent CAFR issued by TCDRS for a complete discussion of all assumptions.

Discount Rate

The discount rate used to measure the total pension asset was 7.60%. This discount rate is the same as the rate that was used in the prior year’s calculation.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 – year closed layered periods.
- 2) Under the TCRDS Act, the employer is legally required to make the contribution specified in the funding policy

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9: RETIREMENT PLAN – continued

- 3) The employer’s assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability 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. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by .10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’s investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 information for a 10 year time horizon.

Note that the valuation assumptions for long-term expected return is re-assessed at a minimum of every four years and is based on a 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013 to December 31, 2016. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities-Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
Int'l Equities-Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment Grade Bonds	Bloomberg US Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REIT's Index	2.00%	4.15%
Master Limited Partnerships (MLP's)	+33% S&P Global REIT (net) Index Alerian MLP Index	2.00%	5.30%

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9: RETIREMENT PLAN – continued

Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

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

At September 30, 2023, the County reported a net pension asset of \$1,013,227 for its proportionate share of the TCDRS's net pension liability measured at December 31, 2022. For the year ended September 30, 2023, the County recognized pension expense (benefit) of (5,192).

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension asset for the measurement year ended December 31, 2022 are as follows:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances At December 31, 2021	\$ 11,312,066	\$ 13,599,352	\$ (2,287,286)
Changes for the Year:			-
Service cost	476,500		476,500
Interest on total pension liability	870,309		870,309
Effect of plan changes			-
Effect of economic/demographic gains or losses	(416,789)		(416,789)
Effect of assumption changes or inputs	-		-
Refund of contributions	(26,148)	(26,148)	-
Benefit payments	(660,681)	(660,681)	-
Administrative expenses		(7,365)	7,365
Member contributions		183,290	(183,290)
Net investment income		(778,014)	778,014
Employer contributions		279,386	(279,386)
Other		(21,336)	21,336
Balances at December 31, 2022	\$ <u>11,555,257</u>	\$ <u>12,568,484</u>	\$ <u>(1,013,227)</u>

STERLING COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9: RETIREMENT PLAN - continued

Discount Rate Sensitivity Analysis

The following presents the net pension liability/(asset) of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	<u>1% Decrease in Discount Rate (6.6%)</u>	<u>Discount Rate (7.60%)</u>	<u>1% Increase in Discount Rate (8.60%)</u>
Total Pension Liability	\$ 12,987,268	11,555,257	10,354,737
Fiduciary Net Position	12,568,484	12,568,484	12,568,484
Net Pension Liability (Asset)	\$ <u>418,784</u>	\$ <u>(1,013,227)</u>	\$ <u>(2,213,747)</u>

At September 30, 2023 the County reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$	\$ 277,859
Changes in actuarial assumptions		
Difference between projected and actual investment earnings	1,441,704	1,230,963
Contributions subsequent to measurement date	<u>213,553</u>	
Total	\$ <u>1,655,257</u>	\$ <u>1,508,822</u>

\$213,553 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	
2023	\$ (311,309)
2024	(152,572)
2025	36,336
2026	360,427
2027	
Thereafter	<u>\$ (67,118)</u>

NOTE 10: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

STERLING COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Property taxes	\$ 3,101,070	\$ 3,101,070	\$ 3,096,682	\$ (4,388)
Fees	67,800	67,800	56,464	(11,336)
Fines and forfeitures	354,000	354,000	334,883	(19,117)
Investment earnings	15,000	15,000	161,696	146,696
Rental revenues	2,400	2,400	2,400	-
Intergovernmental	166,534	176,534	132,461	(44,073)
EMS revenue	80,000	80,000	109,929	29,929
Miscellaneous	155,907	169,907	149,329	(20,578)
Total Revenues	<u>3,942,711</u>	<u>3,966,711</u>	<u>4,043,844</u>	<u>77,133</u>
Expenditures				
Current:				
General government	876,774	832,065	672,234	159,831
County judge	101,133	101,133	97,170	3,963
County and district clerk	182,498	182,498	175,574	6,924
Justice of the peace	117,373	117,273	112,679	4,594
County attorney	98,385	98,485	97,625	860
County treasurer	80,313	80,313	77,814	2,499
County tax collector	120,796	120,796	111,128	9,668
County building operations	265,271	259,334	247,504	11,830
County sheriff	534,193	551,443	529,262	22,181
County agent	59,955	3,705	2,618	1,087
Trapper	76,800	76,800	76,800	-
Senior citizens	38,600	38,600	38,600	-
Volunteer fire department	35,000	36,884	34,955	1,929
Clinic	75,000	154,025	157,686	(3,661)
EMS	352,776	359,732	344,717	15,015
Debt Service - lease liability			3,481	(3,481)
Capital outlay	163,000	206,670	223,592	(16,922)
Total Expenditures	<u>3,177,867</u>	<u>3,219,756</u>	<u>3,003,439</u>	<u>216,317</u>
Excess (deficiency) of revenues over expenditures	<u>764,844</u>	<u>746,955</u>	<u>1,040,405</u>	<u>293,450</u>
OTHER FINANCING SOURCES (USES)				
Financing proceeds			19,214	19,214
Transfers in (out)	(764,844)	(1,636,286)	(1,626,100)	10,186
Total other financing sources (uses)	<u>(764,844)</u>	<u>(1,636,286)</u>	<u>(1,606,886)</u>	<u>29,400</u>
Net Change in Fund Balance		(889,331)	(566,481)	322,850
Fund Balance - Beginning	<u>4,981,692</u>	<u>4,981,692</u>	<u>4,981,692</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,981,692</u>	<u>\$ 4,092,361</u>	<u>\$ 4,415,211</u>	<u>\$ 322,850</u>

STERLING COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - ROAD & BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Property taxes	\$ 573,404	\$ 573,404	\$ 573,355	\$ (49)
Licenses and permits	106,900	106,900	104,354	(2,546)
Fees	1,100	1,100	1,863	763
Investment earnings	2,000	2,000	53,512	51,512
Intergovernmental			6,161	6,161
Miscellaneous	19,193	19,193	11,820	(7,373)
Total Revenues	<u>702,597</u>	<u>702,597</u>	<u>751,065</u>	<u>48,468</u>
Expenditures				
Commissioner's salary	82,320	82,320	82,320	
Road foreman salary	52,500	52,500	52,500	
Landfill salary	6,240	11,840	11,572	268
Cell phone allowance	1,800	1,800	1,725	75
Road salary	90,000	90,000	84,259	5,741
Social security	17,815	18,815	17,297	1,518
Group hospital insurance	89,000	89,000	87,049	1,951
Retirement	22,984	23,984	21,985	1,999
Permit and landfill fees	20,000	23,923	22,303	1,620
Fuel and oil	40,000	43,753	43,059	694
Supplies	2,000	4,000	3,587	413
County barn maintenance	5,000	977	976	1
Telephone	2,600	2,638	2,638	
Travel expenses	5,000	3,058	2,109	949
Utilities	6,000	6,000	4,194	1,806
Machine parts and repairs	55,000	64,256	64,682	(426)
Road materials and repairs	155,000	151,671	148,996	2,675
Lateral road funds	6,880	6,880	3,280	3,600
Miscellaneous expense	5,265	5,265	660	4,605
Professional fees	15,000	15,000		15,000
Grant expenditures				
Insurance	2,193	2,193	2,193	
Capital outlay	20,000	2,724		2,724
Total Expenditures	<u>702,597</u>	<u>702,597</u>	<u>657,384</u>	<u>45,213</u>
Excess (deficiency) of revenues over expenditures			<u>93,681</u>	<u>93,681</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)				
Net Change in Fund Balance			93,681	93,681
Fund Balance - Beginning	<u>1,198,933</u>	<u>1,198,933</u>	<u>1,198,933</u>	
Fund Balance - Ending	<u>\$ 1,198,933</u>	<u>\$ 1,198,933</u>	<u>\$ 1,292,614</u>	<u>\$ 93,681</u>

STERLING COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability				
Service cost	\$ 355,211	\$ 348,418	\$ 470,366	\$ 416,856
Interest (on the Total Pension Liability)	583,273	623,188	653,432	681,611
Effect of plan Changes	-	(70,584)	-	-
Effect of economic/demographic (gains)	20,568	(89,476)	(306,213)	(201,131)
Change of assumptions	-	103,678	-	45,961
Benefit payments, including refunds	(408,001)	(553,159)	(618,930)	(694,438)
Net Change in Total Pension Liability	<u>551,051</u>	<u>362,065</u>	<u>198,655</u>	<u>248,859</u>
Total Pension Liability - Beginning	<u>7,226,779</u>	<u>7,777,830</u>	<u>8,139,895</u>	<u>8,338,550</u>
Total Pension Liability - Ending (a)	<u>\$ 7,777,830</u>	<u>\$ 8,139,895</u>	<u>\$ 8,338,550</u>	<u>\$ 8,587,409</u>
 Plan Fiduciary Net Position				
Contributions - Employer	192,443	186,747	183,790	203,229
Contributions - Employee	164,281	172,458	179,182	172,228
Net Investment Income	568,189	(140,407)	633,338	1,290,932
Benefit payments, including refunds	(408,001)	(553,159)	(618,930)	(694,438)
Administrative Expense	(6,635)	(6,257)	(6,877)	(6,544)
Other	(48,015)	49,291	(40,041)	(4,347)
Net Change in Plan Fiduciary Net Position	<u>462,262</u>	<u>(291,327)</u>	<u>330,462</u>	<u>961,060</u>
Plan Fiduciary Net Position - Beginning	<u>8,377,866</u>	<u>8,840,128</u>	<u>8,548,802</u>	<u>8,879,264</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,840,128</u>	<u>\$ 8,548,801</u>	<u>\$ 8,879,264</u>	<u>\$ 9,840,324</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ (1,062,298)</u>	<u>\$ (408,906)</u>	<u>\$ (540,714)</u>	<u>\$ (1,252,915)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	113.66%	105.02%	106.48%	114.59%
 Covered Employee Payroll	\$ 2,346,870	\$ 2,463,681	\$ 2,559,748	\$ 2,460,401
 Net Pension Liability as a Percentage of Covered Employee Payroll	-45.26%	-16.60%	-21.12%	-50.92%

STERLING COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Pension Liability				
Service cost	\$ 408,170	\$ 457,483	\$ 452,606	\$ 504,988
Interest (on the Total Pension Liability)	703,994	746,009	789,137	832,211
Effect of plan changes	-	-	-	-
Effect of economic/demographic (gains)	(14,093)	(3,762)	44,434	(79,915)
Change of assumptions	-	-	564,534	(33,252)
Benefit payments, including refunds	(620,663)	(637,031)	(688,787)	(701,407)
Net Change in Total Pension Liability	<u>477,408</u>	<u>562,699</u>	<u>1,161,924</u>	<u>522,625</u>
Total Pension Liability - Beginning	<u>8,587,409</u>	<u>9,064,817</u>	<u>9,627,517</u>	<u>10,789,441</u>
Total Pension Liability - Ending (a)	<u>\$ 9,064,817</u>	<u>\$ 9,627,516</u>	<u>\$ 10,789,441</u>	<u>\$ 11,312,066</u>
 Plan Fiduciary Net Position				
Contributions - Employer	200,824	188,593	202,796	206,443
Contributions - Employee	179,079	183,609	183,170	184,089
Net Investment Income	(186,012)	1,543,906	1,100,960	2,478,184
Benefit payments, including refunds	(620,663)	(637,031)	(688,787)	(701,407)
Administrative Expense	(7,550)	(8,126)	(8,375)	(7,357)
Other	(6,186)	(7,582)	(7,895)	(5,655)
Net Change in Plan Fiduciary Net Position	<u>(440,508)</u>	<u>1,263,369</u>	<u>781,869</u>	<u>2,154,297</u>
Plan Fiduciary Net Position - Beginning	<u>9,840,324</u>	<u>9,399,817</u>	<u>10,663,186</u>	<u>11,445,055</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,399,816</u>	<u>\$ 10,663,186</u>	<u>\$ 11,445,055</u>	<u>\$ 13,599,352</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ (334,999)</u>	<u>\$ (1,035,670)</u>	<u>\$ (655,614)</u>	<u>\$ (2,287,286)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.70%	110.76%	106.08%	120.22%
 Covered Employee Payroll	\$ 2,558,266	\$ 2,622,990	\$ 2,616,713	\$ 2,629,849
 Net Pension Liability as a Percentage of Covered Employee Payroll	-13.09%	-39.48%	-25.05%	-86.97%

STERLING COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	2022
Total Pension Liability	
Service cost	\$ 476,500
Interest (on the Total Pension Liability)	870,309
Effect of plan changes	-
Effect of economic/demographic (gains)	(416,789)
Change of assumptions	-
Benefit payments, including refunds	(686,830)
Net Change in Total Pension Liability	243,190
Total Pension Liability - Beginning	11,312,066
Total Pension Liability - Ending (a)	\$ 11,555,256
 Plan Fiduciary Net Position	
Contributions - Employer	279,386
Contributions - Employee	183,290
Net Investment Income	(778,014)
Benefit payments, including refunds	(686,830)
Administrative Expense	(7,365)
Other	(21,336)
Net Change in Plan Fiduciary Net Position	(1,030,869)
Plan Fiduciary Net Position - Beginning	13,599,352
Plan Fiduciary Net Position - Ending (b)	\$ 12,568,483
Net Pension Liability - Ending (a)-(b)	\$ (1,013,227)
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.77%
 Covered Employee Payroll	\$ 2,618,426
 Net Pension Liability as a Percentage of Covered Employee Payroll	-38.70%

STERLING COUNTY, TEXAS
Schedule of Employer Contributions
Texas County & District Retirement System
For Fiscal Year 2023

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2013	165,898	171,022	(5,124)	1,998,768	8.6%
2014	192,443	192,443	-	2,346,870	8.2%
2015	186,747	186,747	-	2,463,681	7.6%
2016	183,790	183,790	-	2,559,748	7.2%
2017	203,229	203,229	-	2,460,401	8.3%
2018	200,824	200,824	-	2,558,266	7.9%
2019	188,593	188,593	-	2,622,990	7.2%
2020	202,796	202,796	-	2,616,713	7.8%
2021	206,443	206,443	-	2,629,849	7.8%
2022	279,386	279,386	-	2,618,426	10.7%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level of percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated at 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, net of 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 of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New inflation, mortality, and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule	2015, 2016, 2018 through 2022: No changes in plan provisions were reflected 2017: New Annuity purchase Rates were reflected for benefits earned after 2017

OTHER SUPPLEMENTARY INFORMATION

STERLING COUNTY, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Jury Fund	Records Management	Courthouse Security	Technology Fund
ASSETS				
Cash and cash investments	\$ 151,839	\$ 39,502	\$ 79,470	\$ 22,739
Investments	300,000		20,000	
Due from agency funds				
Accrued interest receivable	256		64	
Total Assets	\$ <u>452,095</u>	\$ <u>39,502</u>	\$ <u>99,534</u>	\$ <u>22,739</u>
 LIABILITIES				
Accounts Payable	\$ _____	\$ _____	\$ _____	\$ _____
 DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	_____	_____	_____	_____
 Total Liabilities and deferred inflows of resources	_____	_____	_____	_____
 FUND BALANCE				
Restricted	452,095	39,502	99,534	22,739
Unassigned	_____	_____	_____	_____
Total Fund Balance	452,095	39,502	99,534	22,739
Total Liabilities and Fund Balance	\$ <u>452,095</u>	\$ <u>39,502</u>	\$ <u>99,534</u>	\$ <u>22,739</u>

STERLING COUNTY, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	<u>Court Technology</u>	<u>District Records Archive</u>	<u>Sheriff Special Revenue Fund</u>	<u>Clerk Records Archive</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Cash and cash investments	\$ 6,100	\$ 2,832	\$ 5,813	\$ 38,031	\$ 346,326
Investments					320,000
Due from agency funds					
Accrued interest receivable					320
Total Assets	<u>\$ 6,100</u>	<u>\$ 2,832</u>	<u>\$ 5,813</u>	<u>\$ 38,031</u>	<u>\$ 666,646</u>
LIABILITIES					
Accounts Payable	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	_____	_____	_____	_____	_____
Total Liabilities and deferred inflows of resources	_____	_____	_____	_____	_____
FUND BALANCE					
Restricted	6,100	2,832	5,813	38,031	666,646
Unassigned	_____	_____	_____	_____	_____
Total Fund Balance	<u>6,100</u>	<u>2,832</u>	<u>5,813</u>	<u>38,031</u>	<u>666,646</u>
Total Liabilities and Fund Balance	<u>\$ 6,100</u>	<u>\$ 2,832</u>	<u>\$ 5,813</u>	<u>\$ 38,031</u>	<u>\$ 666,646</u>

STERLING COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Jury Fund	Records Management	Courthouse Security	Technology Fund
REVENUES:				
Property taxes	\$ 39,402	\$	\$	\$
Fees	4,205	856	13,477	10,630
Intergovernmental	16,511	4,768		
Investment earnings	7,069	1,505	3,062	831
Total Revenues	67,187	7,129	16,539	11,461
EXPENDITURES:				
Current:				
Salaries and benefits	2,417			
Other operating	46,152	3,597	6,627	6,995
Capital Outlay				
Total Expenditures	48,569	3,597	6,627	6,995
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	18,618	3,532	9,912	4,466
OTHER FINANCING SOURCES:				
Transfers from other funds	-			
Total Other Financing Sources	-	-	-	-
NET CHANGE IN FUND BALANCE	18,618	3,532	9,912	4,466
FUND BALANCE - BEGINNING	433,477	35,970	89,622	18,273
FUND BALANCE - ENDING	\$ 452,095	\$ 39,502	\$ 99,534	\$ 22,739

STERLING COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Court Technology	District Records Archive	Sheriff Special Revenue Fund	Clerk Records Archive	Total Nonmajor Governmental Funds
REVENUES:					
Property taxes	\$	\$	\$	\$	\$ 39,402
Fees	149		1,150	4,380	34,847
Intergovernmental			2,008		23,287
Investment earnings	239	113		1,463	14,282
	388	113	3,158	5,843	111,818
EXPENDITURES:					
Current:					
Salaries and benefits					2,417
Other operating			3,510	2,233	69,114
Capital Outlay					-
	-	-	3,510	2,233	71,531
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	388	113	(352)	3,610	40,287
OTHER FINANCING SOURCES:					
Transfers from other funds	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
NET CHANGE IN FUND BALANCE	388	113	(352)	3,610	40,287
FUND BALANCE - BEGINNING	5,712	2,719	6,165	34,421	626,359
FUND BALANCE - ENDING	\$ 6,100	\$ 2,832	\$ 5,813	\$ 38,031	\$ 666,646

STERLING COUNTY, TEXAS

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

SEPTEMBER 30, 2023

	<u>Sterling Volunteer Fire Department</u>	<u>Sterling County Senior Citizens</u>	<u>Total Component Units</u>
ASSETS			
Current:			
Cash and investments	\$ 51,015	\$ 12,628	\$ 63,643
Total current assets	<u>51,015</u>	<u>12,628</u>	<u>63,643</u>
Noncurrent assets:			
Property and equipment, net	<u>156,142</u>	<u>199,193</u>	<u>355,335</u>
Total noncurrent assets	<u>156,142</u>	<u>199,193</u>	<u>355,335</u>
TOTAL ASSETS	<u>207,157</u>	<u>211,821</u>	<u>418,978</u>
LIABILITIES			
Accounts Payable	<u>1,910</u>	<u></u>	<u>1,910</u>
Total Liabilities	<u>1,910</u>	<u></u>	<u>1,910</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned grant revenue	<u></u>	<u></u>	<u></u>
NET POSITION			
Net investment in capital assets	156,142	199,193	355,335
Unrestricted	<u>49,105</u>	<u>12,628</u>	<u>61,733</u>
TOTAL NET POSITION	<u>\$ 205,247</u>	<u>\$ 211,821</u>	<u>\$ 417,068</u>

STERLING COUNTY, TEXAS

COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Sterling Volunteer Fire Department</u>	<u>Sterling County Senior Citizens</u>	<u>Total Component Units</u>
REVENUES:			
Fees and charges for services	\$	\$ 6,717	\$ 6,717
Donations	1,100	749	1,849
Intergovernmental	107,032	39,200	146,232
Investment earnings	16		16
Miscellaneous		15	15
	<u>108,148</u>	<u>46,681</u>	<u>154,829</u>
Total Revenues			
EXPENDITURES:			
Current:			
Salaries and benefits		18,500	18,500
Occupancy costs	7,544	11,292	18,836
Repairs and supplies	15,854	17,953	33,807
Depreciation	36,308	11,845	48,153
Other operating	8,827	1,716	10,543
	<u>68,533</u>	<u>61,306</u>	<u>129,839</u>
Total Expenditures			
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	39,615	(14,625)	24,990
NET POSITION - BEGINNING OF YEAR	<u>165,632</u>	<u>226,446</u>	<u>392,078</u>
NET POSITION - END OF YEAR	<u>\$ 205,247</u>	<u>\$ 211,821</u>	<u>\$ 417,068</u>