

WHEELER COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR YEAR ENDED
SEPTEMBER 30, 2023**

WHEELER COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2023

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PART I

INTRODUCTORY SECTION

WHEELER COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2023

Pat McDowell	County Judge
Jackie Don May	Commissioner, Precinct #1
Phillip Gaines	Commissioner, Precinct #2
David Simpson	Commissioner, Precinct #3
John Walker	Commissioner, Precinct #4
Steven Emmert	Judge, 31 st Judicial District
Franklin McDonough	District Attorney
Sherri Jones	District Clerk
Leslie Standerfer	County Attorney
Margaret Dorman	County Clerk
Cindy Brown	County Tax Assessor/Collector
Renee Warren	County Treasurer
Johnny Carter	County Sheriff
Natalie Thomas	Justice of the Peace, Precinct #1
Rick Walden	Justice of the Peace, Precinct #2
Mack Marshall	Constable, Precinct #1
Kenneth Martindale	Constable, Precinct #2
Nichole Mock, CPA	County Auditor

PART II
FINANCIAL SECTION



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Wheeler County, Texas

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheeler County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Wheeler County, Texas'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, each major fund, and the aggregate remaining fund information of Wheeler County, Texas, as of September 30, 2023, and the respective changes in financial position, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wheeler County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of employer contributions on pages 32 – 37 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.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, 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. The independent auditors' opinion is not affected by the omission of the MD&A.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wheeler County, Texas's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024, on our consideration of Wheeler County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wheeler County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wheeler County, Texas's internal control over financial reporting and compliance.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

February 28, 2024

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,711,909
Investments	5,078,852
Accounts receivable, net	133,730
Delinquent taxes receivable, net	143,782
Inventories	29,500
Prepaid expenses	146,101
Net pension asset	1,003,058
Capital assets, net of accumulated depreciation	9,743,498
Total assets	25,990,430
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	229,918
Pension economic/demographic losses	2,622
Pension deficient earnings	322,568
Pension assumption changes	196,420
Total deferred outflows of resources	751,528
LIABILITIES	
Accounts payable	150,277
Due to other governmental entities	558,409
Deferred revenues	14,300
Noncurrent liabilities:	
Due within one year	11,500
Due in more than one year	103,486
Total liabilities	837,972
DEFERRED INFLOWS OF RESOURCES	
Pension economic/demographic gains	350,289
Pension assumption changes	25,530
Total deferred inflows of resources	375,819
NET POSITION	
Net investment in capital assets	9,743,498
Restricted:	
By enabling legislation	1,000,806
Unrestricted	14,783,863
Total net position	\$ 25,528,167

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

**WHEELER COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government					
Governmental Activities:					
Administrative	\$ 3,515,185	\$ 171,478	\$ 199,385	\$ -	\$ (3,144,322)
Judicial	677,268	239,173	48,219	-	(389,876)
Public facilities	515,267	-	-	-	(515,267)
Public safety	2,976,691	19,836	36,443	-	(2,920,412)
Road and bridge	3,377,482	353,505	69,524	-	(2,954,453)
Public services	276,231	52,314	-	-	(223,917)
	<u>\$ 11,338,124</u>	<u>\$ 836,306</u>	<u>\$ 353,571</u>	<u>\$ -</u>	<u>(10,148,247)</u>
General revenues:					
Taxes:					
Property taxes					6,157,864
Property taxes, levied for road and bridge					2,021,453
Mixed beverage taxes					9,228
Interest earnings					672,304
Miscellaneous					341,193
Gain on sale of capital assets					3,026
					<u>9,205,068</u>
					(943,179)
					<u>26,471,346</u>
					<u>\$ 25,528,167</u>

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

**WHEELER COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,667,094	\$ 7,409	\$ 1,037,406	\$ 9,711,909
Investments	5,078,852	-	-	5,078,852
Accounts receivable, net	113,513	20,217	-	133,730
Delinquent taxes receivable, net	106,903	36,879	-	143,782
Inventories	-	29,500	-	29,500
Prepaid items	89,266	56,835	-	146,101
	<u>14,055,628</u>	<u>150,840</u>	<u>1,037,406</u>	<u>15,243,874</u>
Total assets	<u>\$ 14,055,628</u>	<u>\$ 150,840</u>	<u>\$ 1,037,406</u>	<u>\$ 15,243,874</u>
LIABILITIES				
Accounts payable	\$ 107,881	\$ 39,096	\$ 3,300	\$ 150,277
Due to other governmental entities	525,109	-	33,300	558,409
Deferred revenue	14,300	-	-	14,300
	<u>647,290</u>	<u>39,096</u>	<u>36,600</u>	<u>722,986</u>
Total liabilities	<u>647,290</u>	<u>39,096</u>	<u>36,600</u>	<u>722,986</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	98,018	33,897	-	131,915
Unavailable revenue - other receivables	70,040	-	-	70,040
	<u>168,058</u>	<u>33,897</u>	<u>-</u>	<u>201,955</u>
Total deferred inflows of resources	<u>168,058</u>	<u>33,897</u>	<u>-</u>	<u>201,955</u>
FUND BALANCES				
Non-spendable:				
Inventories	-	29,500	-	29,500
Prepaid items	89,266	56,835	-	146,101
Restricted:				
By enabling legislation	-	-	1,000,806	1,000,806
Assigned:				
Capital murder trials	500,000	-	-	500,000
Unassigned (deficit)	12,651,014	(8,488)	-	12,642,526
	<u>13,240,280</u>	<u>77,847</u>	<u>1,000,806</u>	<u>14,318,933</u>
Total fund balances	<u>13,240,280</u>	<u>77,847</u>	<u>1,000,806</u>	<u>14,318,933</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,055,628</u>	<u>\$ 150,840</u>	<u>\$ 1,037,406</u>	<u>\$ 15,243,874</u>

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

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

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance, governmental funds	\$	14,318,933
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		9,743,498
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.		201,955
The net pension asset is not a current financial resource and therefore, is not reported in the fund financial statement, but is reported in the governmental activities of the Statement of Net Position.		1,003,058
Pension contributions paid after the measurement date, December 31, 2022, and before September 30, 2023 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		229,918
Pension losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.		
Pension economic/demographic losses		2,622
Pension deficient earnings		322,568
Pension assumption changes		196,420
Pension gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(350,289)
Pension assumption changes		(25,530)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(114,986)
Net Position of Governmental Activities in the Statement of Net Position	\$	25,528,167

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 6,111,937	\$ 2,006,058	\$ -	\$ 8,117,995
Mixed beverage taxes	9,228	-	-	9,228
Licenses and fees	251,729	353,505	66,547	671,781
Fines and forfeitures	168,566	-	-	168,566
Intergovernmental	255,852	69,524	28,195	353,571
Interest earnings	660,819	-	11,485	672,304
Miscellaneous	102,507	21,890	216,796	341,193
	<u>7,560,638</u>	<u>2,450,977</u>	<u>323,023</u>	<u>10,334,638</u>
EXPENDITURES				
Current:				
Administrative	3,328,682	-	5,339	3,334,021
Judicial	674,855	-	9,051	683,906
Public facilities	499,430	-	-	499,430
Public safety	2,508,765	-	192,612	2,701,377
Road and bridge	-	2,744,771	-	2,744,771
Public services	260,488	-	3,692	264,180
Capital outlay	587,150	145,918	72,380	805,448
	<u>7,859,370</u>	<u>2,890,689</u>	<u>283,074</u>	<u>11,033,133</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(298,732)</u>	<u>(439,712)</u>	<u>39,949</u>	<u>(698,495)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	21,629	-	-	21,629
Transfers in	-	455,675	-	455,675
Transfers out	(455,675)	-	-	(455,675)
	<u>(434,046)</u>	<u>455,675</u>	<u>-</u>	<u>21,629</u>
NET CHANGE IN FUND BALANCES	<u>(732,778)</u>	<u>15,963</u>	<u>39,949</u>	<u>(676,866)</u>
FUND BALANCES - BEGINNING	<u>13,973,058</u>	<u>61,884</u>	<u>960,857</u>	<u>14,995,799</u>
FUND BALANCES - ENDING	<u>\$ 13,240,280</u>	<u>\$ 77,847</u>	<u>\$ 1,000,806</u>	<u>\$ 14,318,933</u>

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

WHEELER COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds:	\$	(676,866)
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlays, \$805,448, was exceeded by depreciation, \$1,255,941, in the current period.</p>		
		(450,493)
<p>In the Statement of Activities, only the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only proceeds from a sale are reported. Thus, the change in net position differed from the change in fund balance by the net book value of all capital assets disposed of.</p>		
		(18,603)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenues.</p>		
		57,281
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Compensated absences, net change		34,958
Deferred outflows of resources:		
Pension contributions, net change		(107,423)
Pension economic/demographic losses		(38,201)
Pension deficient earnings		322,568
Pension assumption changes		(196,418)
Deferred inflows of resources:		
Pension economic/demographic gains		(17,088)
Pension excess earnings		2,033,570
Pension assumption changes		12,765
Net pension asset, net change		(1,899,229)
		(1,899,229)
Change in net position of governmental activities	\$	(943,179)

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

WHEELER COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	ASSETS	Custodial Funds
Cash and cash equivalents		\$ 558,179
Accounts receivable		832
Total assets		559,011
	LIABILITIES	
Accounts payable		9,676
Due to other governments		113,286
Total liabilities		122,962
	NET POSITION	
Restricted for:		
Individuals		436,049
Total net position		\$ 436,049

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

WHEELER COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
Additions	
Tax collections	\$ 28,887,054
Trust/Escrow contributions	602,280
Inmate accounts	148,321
Investment earnings	<u>34,574</u>
Total additions	<u>29,672,229</u>
Deductions	
Payments to local governments	28,908,930
Trust/Escrow disbursements	697,346
Inmate accounts	<u>142,886</u>
Total deductions	<u>29,749,162</u>
NET CHANGE IN NET POSITION	(76,933)
NET POSITION - BEGINNING	<u>512,982</u>
NET POSITION - ENDING	<u><u>\$ 436,049</u></u>

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

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Wheeler County, Texas (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Financial Reporting Entity

The County, incorporated in 1876, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners' Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a variety of services to advance the welfare, morale, comfort, safety and convenience of the County and its citizens.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing the County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, but also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either, it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

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

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation

Government-Wide Statements – Continuation

The Statement of Activities demonstrates the degree to which the direct expenses of the County’s programs are offset by those programs’ revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported instead as *general revenues*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Fiduciary funds are excluded in the government-wide presentation of the financial statements.

Fund-Level Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Grant and entitlement revenues are also susceptible to accrual. These funds are accounted for on a spending “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Any proprietary funds, including internal service funds, and fiduciary funds, including custodial funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental funds:

General Fund – The *General Fund* is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for administrative, judicial, public facilities, public safety, public services, and capital acquisition.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation

Fund-Level Statements – Continuation

Road and Bridge Fund – The *Road and Bridge Fund* is a special revenue fund used to account for the revenues derived from property taxes and license fees levied for purposes of road and bridge expenditures.

Additionally, the County reports the following fund types:

Special Revenue Funds – The *Special Revenue Funds* account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Custodial funds do not involve a formal trust agreement.

C. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

1. Deposits and Investments

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, deposits within public fund investment pools and short-term investments with original maturities of three months or less from the date of acquisition. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County’s custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

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

The Act requires an annual audit of investment policies. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that in the area of investment practices, management has reported and established appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local polices.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Amounts due from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables revenues at the time all eligibility requirements established by the provider have been met.

Accounts receivable consist of reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenues in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$2,960,603.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year unless the half payment option is elected in which one-half the tax is due November 30, and the balance the following June 30. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years’ levies are shown net of an allowance for uncollectible accounts of \$164,876.

4. Restricted Assets/Funds

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as management and preservation of public records, personnel and security for the courthouse, technology requirements for the justice court, enhancement of the county attorney’s operations with fees from processing dishonored and forged checks, fund correctional officer salaries for the purpose of incarcerating undocumented criminal aliens, defraying the costs of collecting the vehicle inventory tax within the County, maintenance of the commissary in the Sheriff’s Department, enhancement of law enforcement operations with seized funds, and administration of pre-trial diversion programs.) All restrictions are enacted according to Texas statutes.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

5. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the governmental funds are recorded as expenditures when consumed rather than purchased. At September 30, 2023, inventories consisted of fuel in the road and bridge department.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent “available spendable resources”.

6. Capital Assets

Capital assets, which include buildings and improvements, infrastructure, and machinery and equipment, are reported in the government-wide financial statements. The County has opted to retroactively report infrastructure assets. According to the County’s capitalization policy, capital assets are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of two years. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

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

Buildings and improvements	30 - 50 years
Infrastructure	50 years
Machinery and equipment	5 - 10 years

7. Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

7. Compensated Absences – Continuation

Regular full-time employees are entitled to vacation of up to three weeks per year as earned. Vacation time earned, but not taken, is paid upon termination, but cannot be accumulated beyond one calendar year. Compensation time is accrued at one and one-half the employee's regular rate for each hour worked over forty hours in a work week. After it is accrued, it is treated like vacation time earned and is paid upon termination. Sick leave accrues at 8 hours per month with a maximum limit of 480 hours; however, unused sick leave is not paid upon termination. Accrued vacation leave and comp time are accrued in the government-wide financial statements.

8. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources when the debt is issued and as an expenditure when the debt is paid.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow or resources (expense/expenditure) until then. The government has multiple items that qualify for reporting in this category. They are the contributions and other items related to the County's pension plan reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has multiple items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are related to the County's pension plan reported in the government-wide statement of net position.

10. Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

11. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the Commissioners’ Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners’ Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

Unassigned Fund Balance – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

12. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted Net Position – This amount includes all net position amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

13. Fund Balance Policies

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

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners' Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The County's highest level of decision-making authority is the Commissioners' Court. The Court has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Court.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.
3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund and the Road and Bridge Special Revenue Fund.
4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for the General Fund and the Road and Bridge Special Revenue Fund.
5. Budgets for the General Fund and the Road and Bridge Special Revenue Fund are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.

Continued

**WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation

A. Budgetary Information – Continuation

6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund and the Road and Bridge Special Revenue Fund.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County's cash and deposit balances as of September 30, 2023:

Cash and deposit balances consist of:

Bank deposits	\$	2,752,527
Temporary investments - TexPool		1,336,757
Temporary investments - TexSTAR		759
Temporary investments - Texas CLASS		5,553,140
Temporary investments - Texas LOGIC		623,905
		10,270,088
Total	\$	10,270,088

Cash and deposit balances are reported in the basic financial statements as follows:

Government-wide Statement of Net Position:

Unrestricted	\$	9,711,909
Fiduciary Funds Statement of Net Position		558,179
		10,270,088
Total	\$	10,270,088

As of September 30, 2023, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Governmental activities		
Certificate of deposit (interest rates at .22% - .45%)	\$ 5,078,852	
Total fair value	\$ 5,078,852	
Portfolio weighted average maturity		419

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

Custodial credit risk – deposits. As of September 30, 2023, the carrying amount of the County's deposits with financial institutions was \$7,831,379 and the bank's balance was \$7,265,481. Of the bank balance, \$1,218,407 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$6,047,074 was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2023, the County had \$1,336,757, \$759, \$5,553,140, and \$623,905 invested with the Texas Treasury Safekeeping Trust Company (TexPool), TexSTAR, the Texas Cooperative Liquid Assets Securities System (Texas CLASS), and Texas LOGIC, respectively. The Inter-local Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool, and the others, through which political subdivisions and other entities may invest public funds.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally the State Comptroller has established an advisory board composed of both participants of in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government objectives of preservation of principal, daily liquidity, and competitive yield. The pool is governed by a board of directors comprised of government entity officials in partnership with financial services leaders.

Texas CLASS is a local government pool emphasizing safety, liquidity, convenience, and competitive yields. Since 1966, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. The pool is governed by a board of trustees, elected annually by its participants.

All investment pools use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool, TexSTAR, Texas CLASS, and Texas LOGIC do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. Each pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool, TexSTAR, Texas CLASS, and Texas Logic each invest in a quality portfolio of debt securities investments that are legally permissible for local governments in the state.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single insurer. As of September 30, 2023, 48.9% of the County's carrying value of cash was invested in pooled investment accounts. All other cash was deposited with the County's depository bank and was adequately secured as described above.

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 – CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function. As stated earlier, the County has opted to report its infrastructure retroactively.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital asset, not being depreciated:				
Land	\$ 183,051	\$ -	\$ -	\$ 183,051
Total capital assets, not being depreciated	<u>183,051</u>	<u>-</u>	<u>-</u>	<u>183,051</u>
Capital asset, being depreciated				
Buildings and improvements	13,748,993	57,038	-	13,806,031
Infrastructure	4,182,391	-	-	4,182,391
Machinery and equipment	15,732,668	748,410	(636,752)	15,844,326
Total capital assets, being depreciated	<u>33,664,052</u>	<u>805,448</u>	<u>(636,752)</u>	<u>33,832,748</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,923,243)	(423,915)	-	(6,347,158)
Infrastructure	(3,896,402)	(23,611)	-	(3,920,013)
Machinery and equipment	(13,814,864)	(808,415)	618,149	(14,005,130)
Total accumulated depreciation	<u>(23,634,509)</u>	<u>(1,255,941)</u>	<u>618,149</u>	<u>(24,272,301)</u>
Total capital assets, being depreciated, net	<u>10,029,543</u>	<u>(450,493)</u>	<u>(18,603)</u>	<u>9,560,447</u>
Governmental activities capital assets, net	<u>\$ 10,212,594</u>	<u>\$ (450,493)</u>	<u>\$ (18,603)</u>	<u>\$ 9,743,498</u>

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended September 30, 2023 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 202,314
Judicial	1,306
Public facilities	19,959
Public safety	344,589
Road and bridge	672,176
Public services	15,597
	15,597
Total Depreciation Expense	\$ 1,255,941

NOTE 5 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2022 tax roll was \$.36882 per \$100, which means that the County has a tax margin of \$.43118 per \$100 and could raise up to \$7,157,387 additional revenue from the 2022 assessed valuation of \$1,659,953,410 before the limit is reached.

The State of Texas Constitutional tax rate limit for the maintenance of farm-to-market roads is \$.30 on each \$100 of assessed valuation. The tax rate on the 2022 tax roll was \$.06087 per \$100, which means that the County has a tax margin of \$.23913 per \$100 and could raise up to \$3,969,447 additional revenue from the 2022 assessed valuation of \$1,659,953,410 before the limit is reached.

The State of Texas Constitutional tax rate limit for lateral roads is \$.15 on each \$100 of assessed valuation. The tax rate on the 2022 tax roll was \$.06026 per \$100, which means that the County has a tax margin of \$.08974 per \$100 and could raise up to \$1,486,543 additional revenue from the 2022 assessed valuation of \$1,656,499,870 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 6 – RETIREMENT PLAN

Plan Description: Wheeler County provides retirement and death benefits for all of its employees, except temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of several 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 and is available at www.tcdrs.org.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Benefits Provided: The plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw all of their personal contributions in a lump sum are not entitled to any amounts contributed by the County. The County has enacted a policy to allow partial lump sum distributions with no penalty.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the 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.

Employees Covered by Benefit Terms: At September 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	69
Active employees	90

Contributions: The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

The County contributed using the actuarially determined rate of 10.14% with a supplemental rate of .86% for the months of the accounting year in 2022 and 7.88% with a supplemental rate of .12% for the months of the accounting year in 2023. The contribution rate payable by the employee members is 7.0% for fiscal year 2023 as adopted by the governing body of the County. 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.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

TCDRS system-wide economic assumptions:

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

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	2.25%

The payroll growth assumption is for the aggregate covered payroll of an employer.

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

Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

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

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

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

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Discount Rate: The discount rate used to measure the total pension liability was 7.60%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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

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

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

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

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

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected 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 of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances as of December 31, 2020	\$ 15,089,136	\$ 17,991,423	\$ (2,902,287)
Changes for the year:			
Service cost	534,846	-	534,846
Interest on total pension liability (1)	1,152,256	-	1,152,256
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(167,070)	-	(167,070)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(168,147)	(168,147)	-
Benefit payments	(774,562)	(774,562)	-
Administrative expenses	-	(9,769)	9,769
Member contributions	-	246,749	(246,749)
Net investment income	-	(1,032,669)	1,032,669
Employer contributions	-	437,750	(437,750)
Other (3)	-	(21,258)	21,258
	<u> </u>	<u> </u>	<u> </u>
Balances as of December 31, 2021	<u>\$ 15,666,459</u>	<u>\$ 16,669,517</u>	<u>\$ (1,003,058)</u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
(2) No plan changes valued
(3) Relates to allocation of system-wide items.

Sensitivity of the net pension liability / (asset) to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County’s net pension liability / (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.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
	<u> </u>	<u> </u>	<u> </u>
Total pension liability	\$ 17,640,675	\$ 15,666,459	\$ 14,002,123
Fiduciary net position	<u>16,669,517</u>	<u>16,669,517</u>	<u>16,669,517</u>
Net pension liability / (asset)	<u>\$ 971,158</u>	<u>\$ (1,003,058)</u>	<u>\$ (2,667,394)</u>

Continued

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

Pension Expense / (Income):

	January 1, 2022 to December 31, 2022
Service cost	\$ 534,846
Interest on total pension liability (1)	1,152,256
Effect of plan changes	-
Administrative expenses	9,769
Member contributions	(246,749)
Expected investment return net of investment expenses	(1,356,558)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(111,781)
Recognition of assumption changes or inputs	183,654
Recognition of investment gains or losses	33,090
Other (2)	21,258
 Pension expense / (income)	 \$ 219,785

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

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

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 350,289	\$ 2,622
Changes of assumptions	25,530	196,420
Net difference between projected and actual earnings	-	322,568
Contributions made subsequent to measurement date	N/A	229,918

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

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

Year ended December 31:	
2023	\$ (156,321)
2024	(161,611)
2025	19,293
2026	444,430
2027	-
Thereafter	-

NOTE 7 – CONCENTRATION OF TAXPAYERS

As of September 30, 2023, the following taxpayers accounted for a significant portion of the County’s total tax levy.

<u>Taxpayer</u>	<u>Industry</u>	<u>Tax Amount</u>	<u>Percent of Total Levy</u>
Taxpayer A	Oil & Gas	\$ 1,058,366	13.01 %
Taxpayer B	Oil & Gas	728,715	8.96
Taxpayer C	Oil & Gas	663,477	8.16
Taxpayer D	Oil & Gas	487,748	6.00

NOTE 8 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Inter-fund Transfers

<u>Fund</u>	<u>Inter-fund Transfers In</u>	<u>Inter-fund Transfers Out</u>
General Fund	\$ -	\$ 455,675
Special Revenue Funds:		
Road and Bridge	455,675	-
	<u>\$ 455,675</u>	<u>\$ 455,675</u>

The primary purpose for inter-fund transfers was for the General Fund to supplement the Road and Bridge revenues in the current year.

WHEELER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9 – LONG-TERM LIABILITIES

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 149,944	\$ 236,025	\$ (270,983)	\$ 114,986	\$ 11,500
Governmental activity long-term liabilities	<u>\$ 149,944</u>	<u>\$ 236,025</u>	<u>\$ (270,983)</u>	<u>\$ 114,986</u>	<u>\$ 11,500</u>

NOTE 10 – PROBATION DEPARTMENTS

Community Supervision and Corrections (Adult Probation)

The 31st District CSCD is a joint venture between Wheeler, Roberts, Hemphill and Lipscomb Counties. The County’s local funding to this department for the year ended September 30, 2023 was \$4,640. There is not an issued audit opinion on the restitution, probation fees, or any county funding.

NOTE 11 – RISK MANAGEMENT

The County’s major areas of risk management are: public officials’, law enforcement, and automobile liability, general comprehensive liability and property damage, workers’ compensation, and employee health insurance. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

**WHEELER COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 5,990,000	\$ 5,990,000	\$ 6,111,937	\$ 121,937
Mixed beverage taxes	5,000	5,000	9,228	4,228
Licenses and fees	205,700	205,700	251,729	46,029
Fines and forfeitures	230,000	230,000	168,566	(61,434)
Intergovernmental	65,200	239,386	255,852	16,466
Investment earnings	123,500	123,500	660,819	537,319
Miscellaneous	38,000	50,629	102,507	51,878
	<u>6,657,400</u>	<u>6,844,215</u>	<u>7,560,638</u>	<u>716,423</u>
EXPENDITURES				
Current:				
Administrative				
County Judge	227,612	214,612	196,059	18,553
County Auditor	139,721	134,721	122,086	12,635
County Clerk	339,904	339,542	297,495	42,047
District Clerk	207,086	207,086	182,891	24,195
County Treasurer	174,175	172,655	163,920	8,735
County Tax Assessor/Collector	350,636	350,636	334,357	16,279
Non-departmental	1,927,028	2,060,838	2,031,874	28,964
	<u>3,366,162</u>	<u>3,480,090</u>	<u>3,328,682</u>	<u>151,408</u>
Total administrative				
	<u>3,366,162</u>	<u>3,480,090</u>	<u>3,328,682</u>	<u>151,408</u>
Judicial				
31st District Court	173,944	113,944	77,508	36,436
Justice of the Peace, #1	183,609	183,609	159,628	23,981
Justice of the Peace, #2	259,283	259,283	232,343	26,940
County Attorney	213,420	213,420	205,376	8,044
	<u>830,256</u>	<u>770,256</u>	<u>674,855</u>	<u>95,401</u>
Total judicial				
	<u>830,256</u>	<u>770,256</u>	<u>674,855</u>	<u>95,401</u>
Public facilities				
Building maintenance	586,856	569,738	499,430	70,308
	<u>586,856</u>	<u>569,738</u>	<u>499,430</u>	<u>70,308</u>
Total public facilities				
	<u>586,856</u>	<u>569,738</u>	<u>499,430</u>	<u>70,308</u>
Public safety				
Sheriff's department	983,161	1,091,729	1,010,955	80,774
Jail	1,325,440	1,420,059	1,404,953	15,106
Constable, #1	35,284	22,929	19,612	3,317
Constable, #2	95,713	95,713	73,245	22,468
	<u>2,439,598</u>	<u>2,630,430</u>	<u>2,508,765</u>	<u>121,665</u>
Total public safety				
	<u>2,439,598</u>	<u>2,630,430</u>	<u>2,508,765</u>	<u>121,665</u>

Continued

**WHEELER COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Continuation	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Public service				
Emergency management	\$ 71,829	\$ 71,829	\$ 67,315	\$ 4,514
Veteran's service	12,661	12,661	12,238	423
Extension office	188,494	192,994	180,935	12,059
Total public service	<u>272,984</u>	<u>277,484</u>	<u>260,488</u>	<u>16,996</u>
Capital outlay	<u>327,391</u>	<u>611,145</u>	<u>587,150</u>	<u>23,995</u>
Total expenditures	<u>7,823,247</u>	<u>8,339,143</u>	<u>7,859,370</u>	<u>479,773</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,165,847)</u>	<u>(1,494,928)</u>	<u>(298,732)</u>	<u>1,196,196</u>
OTHER FINANCING SOURCES / (USES)				
Insurance recoveries	-	-	21,629	21,629
Transfers out	(1,200,000)	(885,919)	(455,675)	430,244
Total other financing sources / (uses)	<u>(1,200,000)</u>	<u>(885,919)</u>	<u>(434,046)</u>	<u>451,873</u>
NET CHANGE IN FUND BALANCE	(2,365,847)	(2,380,847)	(732,778)	1,648,069
FUND BALANCE - BEGINNING	<u>13,973,058</u>	<u>13,973,058</u>	<u>13,973,058</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 11,607,211</u>	<u>\$ 11,592,211</u>	<u>\$ 13,240,280</u>	<u>\$ 1,648,069</u>

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WHEELER COUNTY, TEXAS
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property and other taxes	\$ 2,140,000	\$ 2,140,000	\$ 2,006,058	\$ (133,942)
Licenses and fees	300,000	300,000	353,505	53,505
Intergovernmental	40,000	40,000	69,524	29,524
Miscellaneous	5,000	5,000	21,890	16,890
	<u>2,485,000</u>	<u>2,485,000</u>	<u>2,450,977</u>	<u>(34,023)</u>
EXPENDITURES				
Current:				
Road and bridge				
Precinct 1	821,739	821,739	748,209	73,530
Precinct 2	764,212	816,212	636,002	180,210
Precinct 3	773,053	773,053	659,919	113,134
Precinct 4	822,022	832,022	698,849	133,173
Non-departmental	34,000	34,000	1,792	32,208
	<u>3,215,026</u>	<u>3,277,026</u>	<u>2,744,771</u>	<u>532,255</u>
Capital outlay	400,000	323,000	145,918	177,082
	<u>3,615,026</u>	<u>3,600,026</u>	<u>2,890,689</u>	<u>709,337</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,130,026)</u>	<u>(1,115,026)</u>	<u>(439,712)</u>	<u>675,314</u>
OTHER FINANCING SOURCES				
Transfers in	1,200,000	1,200,000	455,675	(744,325)
	<u>1,200,000</u>	<u>1,200,000</u>	<u>455,675</u>	<u>(744,325)</u>
NET CHANGE IN FUND BALANCE	69,974	84,974	15,963	(69,011)
FUND BALANCE - BEGINNING	<u>61,884</u>	<u>61,884</u>	<u>61,884</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 131,858</u>	<u>\$ 146,858</u>	<u>\$ 77,847</u>	<u>\$ (69,011)</u>

WHEELER COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

	Year Ended December 31,			
	2022	2021	2020	2019
Total Pension Liability:				
Service cost	\$ 534,846	\$ 452,949	\$ 422,307	\$ 409,543
Interest on total pension liability	1,152,256	1,129,354	1,071,628	1,007,479
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(51,060)	785,677	-
Effect of economic/demographic (gains) or losses	(167,070)	(433,267)	10,491	(33,004)
Benefit payments/refunds of contributions	(942,709)	(816,662)	(568,818)	(639,445)
Net change in total pension liability	577,323	281,314	1,721,285	744,573
Total pension liability, beginning	15,089,136	14,807,822	13,086,537	12,341,964
Total pension liability, ending (a)	<u>\$ 15,666,459</u>	<u>\$ 15,089,136</u>	<u>\$ 14,807,822</u>	<u>\$ 13,086,537</u>
Fiduciary Net Position:				
Employer contributions	\$ 437,750	\$ 457,645	\$ 364,803	\$ 347,424
Member contributions	246,749	259,411	232,147	231,331
Investment income net of investment expenses	(1,032,669)	3,250,210	1,388,626	1,906,050
Benefit payments/refunds of contributions	(942,709)	(816,662)	(568,818)	(639,445)
Administrative expenses	(9,769)	(9,734)	(10,865)	(10,243)
Other	(21,258)	1,268	2,165	(205)
Net change in fiduciary net position	(1,321,906)	3,142,138	1,408,058	1,834,912
Fiduciary net position, beginning	17,991,423	14,849,285	13,441,227	11,606,315
Fiduciary net position, ending (b)	<u>\$ 16,669,517</u>	<u>\$ 17,991,423</u>	<u>\$ 14,849,285</u>	<u>\$ 13,441,227</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (1,003,058)</u>	<u>\$ (2,902,287)</u>	<u>\$ (41,463)</u>	<u>\$ (354,690)</u>
Fiduciary net position as a % of total pension liability	106.40%	119.23%	100.28%	102.71%
Pensionable covered payroll	\$ 3,524,992	\$ 3,705,871	\$ 3,316,384	\$ 3,304,734
Net pension liability as a % of covered payroll	-28.46%	-78.32%	-1.25%	-10.73%

Year Ended December 31,

2018	2017	2016	2015	2014	2013
\$ 377,711	\$ 403,864	\$ 418,417	\$ 382,205	\$ 333,091	\$ N/A
921,652	867,255	798,764	757,530	685,973	N/A
75,957	-	-	(43,806)	-	N/A
-	67,598	-	106,083	-	N/A
177,894	(213,492)	(151,610)	(278,996)	194,552	N/A
<u>(415,823)</u>	<u>(438,726)</u>	<u>(399,516)</u>	<u>(402,766)</u>	<u>(367,534)</u>	<u>N/A</u>
1,137,391	686,499	666,055	520,250	846,082	N/A
<u>11,204,573</u>	<u>10,518,074</u>	<u>9,852,019</u>	<u>9,331,769</u>	<u>8,485,687</u>	<u>N/A</u>
<u>\$ 12,341,964</u>	<u>\$ 11,204,573</u>	<u>\$ 10,518,074</u>	<u>\$ 9,852,019</u>	<u>\$ 9,331,769</u>	<u>\$ N/A</u>
\$ 322,416	\$ 256,084	\$ 327,312	\$ 326,490	\$ 308,565	\$ N/A
211,879	199,176	208,288	207,766	196,360	N/A
(216,818)	1,490,546	699,914	(50,043)	593,603	N/A
(415,823)	(438,726)	(399,516)	(402,766)	(367,534)	N/A
(9,322)	(7,787)	(7,630)	(6,815)	(6,996)	N/A
4,706	148	(104,186)	(40,600)	16,657	N/A
(102,962)	1,499,441	724,182	34,032	740,655	N/A
<u>11,709,277</u>	<u>10,209,836</u>	<u>9,485,654</u>	<u>9,451,622</u>	<u>8,710,967</u>	<u>N/A</u>
<u>\$ 11,606,315</u>	<u>\$ 11,709,277</u>	<u>\$ 10,209,836</u>	<u>\$ 9,485,654</u>	<u>\$ 9,451,622</u>	<u>\$ N/A</u>
<u>\$ 735,649</u>	<u>\$ (504,704)</u>	<u>\$ 308,238</u>	<u>\$ 366,365</u>	<u>\$ (119,853)</u>	<u>\$ N/A</u>
94.04%	104.50%	97.07%	96.28%	101.28%	N/A
\$ 3,026,843	\$ 2,845,378	\$ 2,975,546	\$ 2,969,038	\$ 2,805,140	\$ N/A
24.30%	-17.74%	10.36%	12.34%	-4.27%	N/A

WHEELER COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2015	\$ 281,624	\$ 324,466	\$ (42,842)	\$ 2,949,682	11.0%
2016	267,795	326,695	(58,900)	2,969,940	11.0%
2017	248,160	273,551	(25,391)	2,874,438	9.5%
2018	253,318	314,691	(61,373)	2,941,006	10.7%
2019	269,989	346,300	(76,311)	3,292,222	10.5%
2020	294,745	347,242	(52,497)	3,304,353	10.5%
2021	294,121	424,165	(130,044)	3,401,498	12.5%
2022	379,279	461,447	(82,168)	3,740,426	12.3%
2023	319,025	330,324	(11,299)	3,786,758	8.7%

WHEELER COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)

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 the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 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	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the PUB-2010 General Retirees Table for males and 120% of the PUB-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions *	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions *	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted or committed by the County to expenditures for specified purposes.

District Clerk Records Management – The District Clerk Records Management Fund accounts for revenue from fees collected by the District Clerk on court cases. The fees are dedicated by law to be used for specific records management projects of the office.

County Clerk Records Management – The County Clerk Records Management Fund accounts for revenue from fees collected by the County Clerk on court cases. The fees are dedicated by law to be used for specific records management projects of the office.

Courthouse Security – The Courthouse Security Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain the security of the courthouse.

Justice Court Technology – The Justice Court Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is designated for the purpose of financing the purchase of technological enhancements for a justice court.

Hot Check – The Hot Check Fund accounts for funds received from hot check fees collected by the County Attorney to statutorily supplement the cost of the County Attorney's office.

SCAAP Grant – The SCAAP Grant Fund accounts for state grant funds awarded to Wheeler County. The funds are to be used to pay for correctional officer salary costs for incarcerating undocumented criminal aliens.

County/District Clerk Technology – The County/District Clerk Technology Fund accounts for fees paid by defendants in county and district courts. It is designated by law for the purpose of financing the purchase of technological enhancements for the use in the offices.

VIT Interest – The VIT Interest Fund accounts for any interest earnings generated from the vehicle inventory tax, which the tax collector shall retain to defray the cost of collecting this tax.

Sheriff Commissary – The Sheriff Commissary Fund accounts for inmate purchases of food, toiletry items or other supplies. Revenue generated from this fund may be used to purchase items for the benefit of the inmate population.

Sheriff Asset Forfeiture – The Sheriff Asset Forfeiture Fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by the office of the County Sheriff. The funds are dedicated by law to be used solely for law enforcement purposes.

Pre-Trial Diversionary – The Pre-Trial Diversionary Fund accounts for fines received from certain first time criminal offenders who qualify to enter the program in order to keep their first arrest off of their record.

County/District Clerk Preservation – The County/District Clerk Preservation Fund accounts for revenue from fees collected by the County and District Clerks on court cases. The fees are dedicated by law to be used for specific records preservation projects of the offices.

County Wide Records Management – The County Wide Records Management Fund accounts for statutory fees collected by the District and County Clerks on court cases. The fees are dedicated by law to be used for specific records management projects of the offices.

JP Security – The JP Security Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain the security of the justice court.

JP Truancy – The JP Truancy Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain the position of a juvenile case manager.

Specialty Court Fees – The Specialty Court Fees Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain a specialty court program.

Court Facility Fee – The Court Facility Fee Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to be expended only to fund the construction, renovation, or improvement of facilities that house the courts or pay the principal of, interest on, and costs of issuance of bonds, including refunding bonds, issued for the construction, renovation, or improvement of the facilities.

**WHEELER COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	District Clerk Records Management	County Clerk Records Management	Courthouse Security
ASSETS			
Cash and cash equivalents	\$ 24,841	\$ 158,103	\$ 62,798
Total assets	\$ 24,841	\$ 158,103	\$ 62,798
LIABILITIES			
Accounts payable	\$ -	\$ 593	\$ 1,286
Due to other governments	-	-	-
Total liabilities	-	593	1,286
FUND BALANCES			
Restricted:			
By enabling legislation	24,841	157,510	61,512
Total fund balances	24,841	157,510	61,512
Total liabilities and fund balances	\$ 24,841	\$ 158,103	\$ 62,798

<u>Justice Court Technology</u>	<u>Hot Check</u>	<u>SCAAP Grant</u>	<u>County/District Clerk Technology</u>	<u>VIT Interest</u>	<u>Sheriff Commissary</u>
\$ 67,416	\$ 4,022	\$ 37,660	\$ 22,284	\$ 546	\$ 19,612
<u>\$ 67,416</u>	<u>\$ 4,022</u>	<u>\$ 37,660</u>	<u>\$ 22,284</u>	<u>\$ 546</u>	<u>\$ 19,612</u>
\$ -	\$ -	\$ 1,271	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	1,271	-	-	-
67,416	4,022	36,389	22,284	546	19,612
<u>67,416</u>	<u>4,022</u>	<u>36,389</u>	<u>22,284</u>	<u>546</u>	<u>19,612</u>
<u>\$ 67,416</u>	<u>\$ 4,022</u>	<u>\$ 37,660</u>	<u>\$ 22,284</u>	<u>\$ 546</u>	<u>\$ 19,612</u>

Continued

**WHEELER COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Continuation

	Sheriff Asset Forfeiture	Pre-Trial Diversion	County/District Clerk Preservation
ASSETS			
Cash and cash equivalents	\$ 282,752	\$ 223,933	\$ 15,313
Total assets	\$ 282,752	\$ 223,933	\$ 15,313
LIABILITIES			
Accounts payable	\$ -	\$ 150	\$ -
Due to other governments	33,300	-	-
Total liabilities	33,300	150	-
FUND BALANCES			
Restricted:			
By enabling legislation	249,452	223,783	15,313
Total fund balances	249,452	223,783	15,313
Total liabilities and fund balances	\$ 282,752	\$ 223,933	\$ 15,313

County Wide Records Management	JP Security	JP Truancy Fund	Specialty Court Fees	Court Facility Fee	Total Non- Major Governmental Funds
\$ 43,357	\$ 53,906	\$ 14,737	\$ 1,966	\$ 4,160	\$ 1,037,406
<u>\$ 43,357</u>	<u>\$ 53,906</u>	<u>\$ 14,737</u>	<u>\$ 1,966</u>	<u>\$ 4,160</u>	<u>\$ 1,037,406</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,300
-	-	-	-	-	33,300
-	-	-	-	-	36,600
<u>43,357</u>	<u>53,906</u>	<u>14,737</u>	<u>1,966</u>	<u>4,160</u>	<u>1,000,806</u>
<u>43,357</u>	<u>53,906</u>	<u>14,737</u>	<u>1,966</u>	<u>4,160</u>	<u>1,000,806</u>
<u>\$ 43,357</u>	<u>\$ 53,906</u>	<u>\$ 14,737</u>	<u>\$ 1,966</u>	<u>\$ 4,160</u>	<u>\$ 1,037,406</u>

WHEELER COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	District Clerk Records Management	County Clerk Records Management	Courthouse Security
REVENUES			
Licenses and fees	\$ 300	\$ 16,015	\$ 8,635
Intergovernmental	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total revenues	300	16,015	8,635
EXPENDITURES			
Current:			
Administrative	-	5,339	-
Judicial	-	-	721
Public safety	-	-	-
Public services	-	-	-
Capital Outlay	-	-	64,420
Total expenditures	-	5,339	65,141
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	300	10,676	(56,506)
FUND BALANCES - BEGINNING	24,541	146,834	118,018
FUND BALANCES - ENDING	\$ 24,841	\$ 157,510	\$ 61,512

Justice Court Technology	Hot Check	SCAAP Grant	County/District Clerk Technology	VIT Interest	Sheriff Commissary
\$ 3,259	\$ -	\$ -	\$ 515	\$ -	\$ -
-	-	20,695	-	-	-
-	-	-	-	196	330
-	-	-	-	-	27,323
<u>3,259</u>	<u>-</u>	<u>20,695</u>	<u>515</u>	<u>196</u>	<u>27,653</u>
-	-	-	-	-	-
8,330	-	-	-	-	-
-	-	4,552	-	-	17,578
-	-	-	-	-	-
-	-	7,960	-	-	-
<u>8,330</u>	<u>-</u>	<u>12,512</u>	<u>-</u>	<u>-</u>	<u>17,578</u>
(5,071)	-	8,183	515	196	10,075
<u>72,487</u>	<u>4,022</u>	<u>28,206</u>	<u>21,769</u>	<u>350</u>	<u>9,537</u>
<u>\$ 67,416</u>	<u>\$ 4,022</u>	<u>\$ 36,389</u>	<u>\$ 22,284</u>	<u>\$ 546</u>	<u>\$ 19,612</u>

Continued

WHEELER COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Continuation

	<u>Sheriff Asset Forfeiture</u>	<u>Pre-Trial Diversion</u>	<u>County/District Clerk Preservation</u>
REVENUES			
Licenses and fees	\$ -	\$ 25,714	\$ 4,399
Intergovernmental	7,500	-	-
Interest	5,920	5,039	-
Miscellaneous	189,473	-	-
	<u>202,893</u>	<u>30,753</u>	<u>4,399</u>
Total revenues			
EXPENDITURES			
Current:			
Administrative	-	-	-
Judicial	-	-	-
Public safety	170,482	-	-
Public services	-	3,692	-
Capital Outlay	-	-	-
	<u>170,482</u>	<u>3,692</u>	<u>-</u>
Total expenditures			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32,411	27,061	4,399
FUND BALANCES - BEGINNING	<u>217,041</u>	<u>196,722</u>	<u>10,914</u>
FUND BALANCES - ENDING	<u><u>\$ 249,452</u></u>	<u><u>\$ 223,783</u></u>	<u><u>\$ 15,313</u></u>

County Wide Records Management	JP Security	JP Truancy Fund	Specialty Court Fees	Court Facility Fee	Total Non- Major Governmental Funds
\$ 192	\$ 63	\$ 3,754	\$ 1,081	\$ 2,620	\$ 66,547
-	-	-	-	-	28,195
-	-	-	-	-	11,485
-	-	-	-	-	216,796
<u>192</u>	<u>63</u>	<u>3,754</u>	<u>1,081</u>	<u>2,620</u>	<u>323,023</u>
-	-	-	-	-	5,339
-	-	-	-	-	9,051
-	-	-	-	-	192,612
-	-	-	-	-	3,692
-	-	-	-	-	72,380
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,074</u>
192	63	3,754	1,081	2,620	39,949
<u>43,165</u>	<u>53,843</u>	<u>10,983</u>	<u>885</u>	<u>1,540</u>	<u>960,857</u>
<u>\$ 43,357</u>	<u>\$ 53,906</u>	<u>\$ 14,737</u>	<u>\$ 1,966</u>	<u>\$ 4,160</u>	<u>\$ 1,000,806</u>

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FIDUCIARY FUNDS

CUSTODIAL FUNDS

The Custodial Funds account for assets received in the capacity of trustee or agent for the County, other governmental entity or individual.

County Attorney – The County Attorney Fund accounts for the partial payments of restitution and fees associated with the collection of hot checks within the County limits.

County Clerk – The County Clerk’s Fund accounts for registry funds held by the County Clerk.

District Clerk – The District Clerk’s Fund accounts for registry funds held by the District Clerk.

Justices of the Peace – The Justices of the Peace Fund accounts for funds collected by the Justices of the Peace and remitted to various agencies.

Sheriff – The Sheriff’s Fund accounts for monies received for cash bonds.

Inmate Trust – The Inmate Trust Fund accounts for monies an inmate has access to but not physical control of during their confinement.

Tax Assessor Collector – The Tax Assessor Collector’s Fund accounts for money collected by the Tax Assessor Collector and remitted to various taxing jurisdictions.

WHEELER COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	<u>County Attorney</u>	<u>County Clerk</u>	<u>District Clerk</u>
ASSETS			
Cash and cash equivalents	\$ 850	\$ 57,814	\$ 219,082
Accounts receivable	-	-	-
Total assets	<u>850</u>	<u>57,814</u>	<u>219,082</u>
LIABILITIES			
Accounts payable	-	-	-
Due to other governments	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for:			
Individuals	<u>850</u>	<u>57,814</u>	<u>219,082</u>
Total net position	<u><u>\$ 850</u></u>	<u><u>\$ 57,814</u></u>	<u><u>\$ 219,082</u></u>

<u>Justices of the Peace</u>	<u>Sheriff</u>	<u>Inmate Trust</u>	<u>Tax Assessor Collector</u>	<u>Total</u>
\$ -	\$ 136,434	\$ 8,100	\$ 135,899	\$ 558,179
-	-	-	832	832
-	136,434	8,100	136,731	559,011
-	-	622	9,054	9,676
-	-	319	112,967	113,286
-	-	941	122,021	122,962
-	136,434	7,159	14,710	436,049
<u>\$ -</u>	<u>\$ 136,434</u>	<u>\$ 7,159</u>	<u>\$ 14,710</u>	<u>\$ 436,049</u>

WHEELER COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>County Attorney</u>	<u>County Clerk</u>	<u>District Clerk</u>
Additions			
Tax collections	\$ -	\$ -	\$ -
Trust/Escrow contributions	3,149	105,974	128,400
Inmate accounts	-	-	-
Investment earnings	27	1,591	5,667
	<u>3,176</u>	<u>107,565</u>	<u>134,067</u>
Total additions			
	<u>3,176</u>	<u>107,565</u>	<u>134,067</u>
Deductions			
Payments to local governments	-	-	-
Trust/Escrow disbursements	4,414	117,395	292,534
Inmate accounts	-	-	-
	<u>4,414</u>	<u>117,395</u>	<u>292,534</u>
Total deductions			
	<u>4,414</u>	<u>117,395</u>	<u>292,534</u>
NET CHANGE IN NET POSITION	(1,238)	(9,830)	(158,467)
NET POSITION - BEGINNING	<u>2,088</u>	<u>67,644</u>	<u>377,549</u>
NET POSITION - ENDING	<u>\$ 850</u>	<u>\$ 57,814</u>	<u>\$ 219,082</u>

<u>Justices of the Peace</u>	<u>Sheriff</u>	<u>Inmate Trust</u>	<u>Tax Assessor Collector</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 28,887,054	\$ 28,887,054
264,757	100,000	-	-	602,280
-	-	148,321	-	148,321
421	2,434	-	24,434	34,574
<u>265,178</u>	<u>102,434</u>	<u>148,321</u>	<u>28,911,488</u>	<u>29,672,229</u>
-	-	-	28,908,930	28,908,930
265,178	17,825	-	-	697,346
-	-	142,886	-	142,886
<u>265,178</u>	<u>17,825</u>	<u>142,886</u>	<u>28,908,930</u>	<u>29,749,162</u>
-	84,609	5,435	2,558	(76,933)
-	51,825	1,724	12,152	512,982
<u>\$ -</u>	<u>\$ 136,434</u>	<u>\$ 7,159</u>	<u>\$ 14,710</u>	<u>\$ 436,049</u>

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PART III
COMPLIANCE



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Wheeler County, Texas

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheeler County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Wheeler County, Texas's basic financial statements, and have issued our report thereon dated February 28, 2024.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

February 28, 2024